Prospectus

CAP Holding S.p.A.

(incorporated with limited liability under the laws of the Republic of Italy)

€105,000,000

5.10 per cent. Senior Unsecured Notes due 5 December 2037

The €105,000,000 5.10 per cent. Senior Unsecured Notes due 5 December 2037 (the "**Notes**") of CAP Holding S.p.A. ("**CAP Holding**", the "**Issuer**" or the "**Company**") are expected to be issued on 5 December 2023 (the "**Issue Date**") at an issue price of 100 per cent. of their principal amount (the "**Issue Price**").

The Notes will bear interest from and including the Issue Date at the rate of 5.10 per cent. per annum, subject to adjustment pursuant to Condition 3.13 (*Sustainability Interest Rate Adjustment*) where relevant, payable in arrear on 5 June and 5 December in each year, commencing on 5 June 2024. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Terms and Conditions of the Notes — Taxation*".

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 5 December 2037 (the "**Maturity Date**"). The Issuer has the option to prepay, with notice provided, at least 30 but not more than 60 days in advance, 5 per cent. or more of the outstanding principal amount of the Notes, at 100 per cent. of the principal amount plus accrued interest and the Make-Whole Amount (see Condition 3.2 (*Optional Prepayments with Make-Whole Amount*)). The Issuer may, at its option, prepay affected Notes due to a Change in Tax Law triggering Additional Amounts exceeding 5 per cent. of aggregate interest payments, with a specified process, including a Tax Prepayment Notice, a Modified Make-Whole Amount calculation, and a right for holders to reject prepayment (see Condition 3.3 (*Prepayment for Tax Reasons*)). The Issuer may also offer to prepay all, but not less than all, of the Notes at 101 per cent. of the principal amount, accompanied by accrued interest, within 30 to 60 days subsequent to a Change of Control, as notified by a Responsible Officer to the holders of Notes (see Condition 3.4 (*Change of Control*)). If the Issuer is obligated to prepay the Notes using proceeds from a Disposition of its and its Subsidiaries' assets, the Issuer's offer of prepayment will exclude any Make-Whole Amount or other premium (see Condition 3.10 (*Prepayment in Connection with Asset Sales*)). Furthermore, upon the Issuer's receipt of notice from any Affected Noteholder regarding a Noteholder Sanctions Event, the Issuer must extend a Sanctions Prepayment Offer to prepay the entire unpaid principal amount of the Affected Notes, with interest, but excluding any Make-Whole Amount or premium (see Condition 3.12 (*Prepayment in Connection with a Noteholder Sanctions Event*)). Lastly, upon knowledge of a Concession Event, the Issuer must provide notice to all holders of the Notes specifying the Proposed Concession Event Prepayment Date and requiring prepayment at 100 per cent. of the principal amount, inclusive of accrued interest, and Make-Whole Amount on the date of prepayment (see Condition 3.5 (*Concession Event Mandatory Prepayment*)). Upon partial prepayment or repurchase of Notes in certain specified conditions, the required subsequent prepayment amounts for the affected Notes will be reduced proportionally to the aggregate unpaid principal amount of the Series, with the option for the Company to apply prepayments in inverse order of maturity (see Condition 3.1(c) (*Interest; Required Prepayments; Maturity*)).

This prospectus (the "**Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"). The Central Bank only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of the Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to Notes that are to be admitted to trading on the regulated market (the "**Euronext Dublin Regulated Market**") of Euronext Dublin ("**Euronext Dublin**") or on another regulated market for the purposes of Directive 2014/65/EU, as amended ("**MiFID II**"), and/or that are to be offered to the public in any member state of the European Economic Area in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for the Notes to be admitted to its official list (the "**Official List**") and trading on the Euronext Dublin Regulated Market. This Prospectus is valid for the admission to trading of the Notes on the regulated market of Euronext Dublin until the time when trading on such regulated market begins. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply once the Notes are admitted to trading on the regulated market of Euronext Dublin. The obligation to prepare a supplement to this Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when the Prospectus is no longer valid. References in this Prospectus to

the Notes being listed (and all related references) shall mean that, unless otherwise specified, the Notes have been admitted to the Official List and trading on the Euronext Dublin Regulated Market. The Euronext Dublin Regulated Market is a regulated market for the purposes of MiFID II. The Notes are expected to be added to the Official List and trading on the Regulated Market as of 5 December 2023.

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

An investment in the Notes involves certain risks. For a discussion of these risks, see "*Risk Factors*" on page 14.

The Notes will be in registered form, without interest coupons, and in the denominations of €100,000 and integral multiples of €100. The Notes will be in the form of a global certificate (the "**Global Note Certificate**"), which will be deposited on or around the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**"). The Global Note Certificate may be exchangeable, in whole or in part, for individual note certificates (the "**Individual Note Certificate**") in certain circumstances, as specified in Condition 4.12 (*Individual Note Certificates*).

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any State of the United States and any other jurisdiction. For a description of certain restrictions on transfers of the Notes, see "*Subscription and Sale*".

Arranger

Mediobanca Banca di Credito Finanziario S.p.A.

This Prospectus is dated 4 December 2023

IMPORTANT NOTICES

The Issuer has confirmed that (i) this Prospectus contains all information regarding the Issuer, the Group and the Notes which is material in the context of the issue and sale of the Notes, (ii) such information is true and accurate in all material aspects and is not misleading, (iii) any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made, are not misleading in any material respect and have been reached after considering all relevant circumstances and are based on reasonable assumptions, and (iv) this Prospectus does not omit to state any material fact necessary to make any information contained herein not misleading in any material respect.

This Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Prospectus. See "*Documents Incorporated by Reference*".

The Issuer accepts responsibility for the information contained in this Prospectus and declares that the information and data contained in this Prospectus, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect the import of such information and data.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or by Mediobanca Banca di Credito Finanziario S.p.A. (the "**Arranger**").

The Issuer has not authorised, nor does it authorise, the making of any offer of the Notes through any financial intermediary.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied by the Issuer in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), results of operation, business and prospects of the Issuer since the date of this Prospectus. The Issuer is under no obligation to update the information contained in this Prospectus after their admission to trading on the Regulated Market of Euronext Dublin and, save as required by applicable laws or regulations or the rules of any relevant stock exchange, or under the terms and conditions relating to the Notes, the Issuer will not provide any post-issuance information to investors.

Neither the Arranger nor any of its affiliates or subsidiaries has verified the information contained in this Prospectus and, accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or by any of its affiliates or subsidiaries as to the accuracy or completeness of the information contained or incorporated in this Prospectus or of any other information provided by the Issuer in connection with the Notes.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Arranger that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. The content of this Prospectus should not be construed as providing legal, business, accounting, tax or other professional advice and each investor contemplating purchasing any Notes should make its own independent investigation of the condition (financial or otherwise), results of operation, business and prospects of the Issuer and its own appraisal of the Issuer's creditworthiness, and should have consulted its own legal, business, accounting, tax and other professional advisers.

Other than in relation to the documents which are deemed to be incorporated by reference (see "Documents Incorporated by Reference"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

Certain information contained in the Prospectus has been extracted from independent, third-party sources. The Issuer confirms that all third-party information contained in this Prospectus has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by the relevant third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third-party information contained in this Prospectus is stated where such information appears in this Prospectus.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Prospectus may only be used for the purpose for which it has been published. In the event of an offer of the Notes being made by a financial intermediary, such financial intermediary will provide information to the relevant investors on the terms and conditions of the offer at the time the offer is made.

Any financial intermediary using this Prospectus has to state on its website that it uses this Prospectus in accordance with the consent and the conditions attached hereto.

This Prospectus has not been submitted to the clearance procedure of CONSOB and may not be used in connection with the offering of the Notes in the Republic of Italy, its territories and possessions and any areas subject to its jurisdictions other than in accordance with applicable Italian securities laws and regulations, as fully set out under "*Subscription and Sale*".

Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Arranger to any person to purchase any Notes. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform it about and to observe any such restrictions. This Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to, or for the account or benefit of, U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") . Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any

retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" "aim", "intend", "will", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Prospectus. These forward-looking statements are subject to risks, uncertainties and assumptions about the Issuer, including, among other things, the risks set out under "*Risk Factors*".

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set out in this Prospectus. Many factors may cause the Issuer's results of operations, financial condition, liquidity and the

development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

Alternative Performance Measures

This Prospectus and the documents incorporated by reference contain certain alternative performance measures (**APMs**) which differ from the IFRS-EU financial indicators adopted by the Group and presented in the audited consolidated financial statements as at and for the years ended, respectively, 31 December 2021 and 31 December 2022.

Such APMs are extracted directly from, respectively, the audited consolidated financial statements as at and for the years ended, respectively, 31 December 2021 and 31 December 2022 and are useful to present the results more efficiently and to analyse the financial performance of the Group.

On 3 December 2015, CONSOB (Commissione Nazionale per le Società e la Borsa, the Italian securities and exchange commission) issued Communication No. 92543/15 that acknowledged the Guidelines issued on 3 October 2015 by ESMA concerning the presentation of APMs disclosed in regulated information and prospectuses published as from 3 July 2016 (the **Guidelines**). The Guidelines – which update the previous CESR Recommendation (CESR/05-178b) – are aimed at promoting the usefulness and transparency of APMs in order to improve their comparability, reliability and comprehensibility.

CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

(i) references to "**billions**" are to thousands of millions

(ii) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;

(iii) the "**Group**" means the Issuer and its Subsidiaries;

(iv) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;

(v) the "**Fiscal Agent**" means BNP Paribas, Luxembourg Branch as fiscal agent;

(vi) references to "**IFRS**" are to International Financial Reporting Standards, as adopted by the European Union;

(vii) the "**Company**" or the "**Issuer**" or "**CAP Holding**" means CAP Holding S.p.A.;

(viii) references to "**Italian GAAP**" are to generally accepted accounting principles in Italy, as prescribed by Italian law and supplemented by the accounting principles issued by the Italian accounting profession; and

(ix) the "**Arranger**" means Mediobanca Banca di Credito Finanziario S.p.A.

(x) "**Subsidiary**" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50 per cent. interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval

of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

(xi) "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality.

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

SECOND PARTY OPINION AND EXTERNAL VERIFICATION

In connection with the issue of Notes, the Second Party Opinion (as defined in the risk factor "*Risk related to any Second Party Opinions which may be provided in respect to the Notes*"), has been made available. Any information in such Second Party Opinion is not part of this Prospectus and should not be relied upon in connection with making any investment decision with respect to any Notes. In addition, in connection with the issue of the Notes, the Issuer may also engage one or more external verifiers to carry out the relevant assessments required for the purposes of providing the Sustainability Report (the "**External Verifier**"). The Second Party Opinion will be accessible through the Issuer's website at: https://www.gruppocap.it/en/investors/sustainability-linked-bond and the Sustainability Report will be accessible through the Issuer's website at https://www.gruppocap.it/en/investors/sustainability-linked-bond.

In addition, no assurance or representation is given by the Issuer, the Arranger or any External Verifier as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of the Notes. Noteholders have no recourse against the Issuer or the Arranger for the contents of any such opinion, certification or verification. Any such opinion, report or certification and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential

investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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OVERVIEW OF PROVISIONS RELATING TO THE NOTES

The overview below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations *and exceptions. The "Terms and Conditions of the Notes" section of this Prospectus contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.*

Words and expressions *defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section, unless otherwise noted.*

Issuer.....	CAP Holding S.p.A., a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy (the "**Issuer**").
Notes issued	EUR 105,000,000 5.10 per cent. Senior Unsecured Notes due 5 December 2037.
Maturity Date.....	The Notes will mature on 5 December 2037 (the "**Maturity Date**"). Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes, at their principal amount outstanding together with any interest accrued and unpaid, at the Maturity Date.
Interest.....	The Notes will bear interest on their principal amount outstanding at the interest rate specified in Condition 3.1 (*Interest; Required Prepayments; Maturity*).
Issue Price	100 per cent. of the principal amount of the Notes.
Interest Payment Date	Interest on the Notes will be payable in arrear on 5 June and 5 December in each year, commencing on 5 June 2024.
Ranking	The Notes, along with the payment obligations of the Issuer and each Subsidiary Guarantor under its Subsidiary Guarantee, will rank at all times at least *pari passu*, without preference or priority, with all unsecured and unsubordinated indebtedness of the Issuer and the respective Subsidiary Guarantor, except for those obligations which are mandatorily preferred by law applicable to companies generally (See Condition 4.7 (*Priority of Obligations*)).
Required Prepayments	In the event of partial prepayment or repurchase of Notes, the principal amount due for required prepayments of the affected Notes will be proportionately reduced in accordance with the aggregate unpaid principal amount of the Notes, with the Issuer having the option to apply prepayments under Condition 3.2 in inverse order of maturity (see Condition 3.1 (*Interest; Required Prepayments; Maturity*)).
Optional Prepayments with Make-Whole Amount……..	The Issuer has the option to prepay the Notes, either in full or partially, with the prepayment amount being at least 5 per cent. of the aggregate principal amount of the outstanding Notes, at 100 per cent of the principal amount, along with accrued interest and the Make-Whole Amount (see Condition 3.2 (*Optional Prepayments with Make-Whole Amount*)).

Prepayment for Tax Reasons……..	If, due to a Change in Tax Law, the Issuer becomes obligated to make Additional Amounts equal to 5 per cent. or more of the aggregate interest payment on the affected Notes, it may issue a Tax Prepayment Notice, providing an irrevocable offer to prepay the affected Notes (see Condition 3.3 (*Prepayment for Tax Reasons*)).
Prepayment for Change of Control……	If a Change of Control occurs, the Issuer, within five Business Days, will notify each holder of Notes, offering to prepay all of the Notes and specifying a Proposed Change of Control Prepayment Date. The prepayment, at 101 per cent. of the principal amount, along with accrued interest, will occur within 30 to 60 days of the offer date (see Condition 3.4 (*Change of Control*)).
Prepayment in Connection with Asset Sales……	If the Issuer is obligated to prepay the Notes using proceeds from a Disposition of the assets of the Issuer and its Subsidiaries, it will notify each holder of the Notes, specifying the pro rata portion of each Note offered for prepayment, the Asset Sale Prepayment Date and the Asset Sale Response Date. The Issuer will then prepay the accepted portion at 100 per cent. of the principal amount, plus accrued interest, without any Make-Whole Amount or premium (see Condition 3.10 (*Prepayment in Connection with Asset Sales*)).
Prepayment in Connection with a Noteholder Sanctions Event……	Upon receiving notice from any Affected Noteholder of a Noteholder Sanctions Event, the Issuer will promptly make a Sanctions Prepayment Offer to prepay the entire unpaid principal amount of the Affected Notes, along with interest, without any Make-Whole Amount or premium (see Condition 3.12 (*Prepayment in Connection with a Noteholder Sanctions Event*)).
Concession Event Mandatory Prepayment ...	Upon awareness of a Concession Event, the Issuer will notify each holder of Notes offering prepayment of the Notes at 100 per cent. of the principal amount, including accrued interest up to the date of prepayment and the Make-Whole Amount (see Condition 3.5 (*Concession Event Mandatory Prepayment*)).
Covenants	The Terms and Conditions provide for certain covenants for the Issuer as detailed in Condition 4 (*Affirmative Covenants*) and in Condition 5 (*Negative Covenants*).
Use of Proceeds	The Company and its Subsidiaries will apply the proceeds of the sale of the Notes for general corporate purposes to support investment associated with their line of business.
Form, Denomination and Title	The Notes will be issued in registered form in the denomination of €100,000 and integral multiple of €100.
Transfer Restrictions; Absence of a Public Market for the Notes	See Condition 9.2 (*Transfer and Exchange of Notes*) and *Subscription and Sale*.
Listing	Application has been made to Euronext Dublin for the Notes to be listed on the Official List and admitted to trading on the Regulated Market. The Notes are expected to be added to the Official List and trading on the Regulated Market as of 5 December 2023.
Paying Agent	BNP Paribas, Luxembourg Branch.

Listing Agent	Walkers Listing Services Limited.
Governing Law of the Notes	The Notes and the relevant Terms and Conditions and any non-contractual obligations arising out of or in connection with it shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of England. The above shall not apply to provisions regarding Noteholders' Meetings, appointments of a Joint Representative, and amendments and waivers, in each case, which shall be construed and enforced in accordance with the laws of Italy.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Prospectus, including the information incorporated by reference and, in particular, the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section, unless otherwise specified.

These are the principal risks that the Issuer considers to be material; however, there may be additional risks of which the Issuer is not currently aware or that may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate, and any of these risks could also have a negative effect on the ability of the Issuer to fulfil its obligations under the Notes.

The following risks are presented in categories, with the most material risk factor presented first in each category and the remaining risk factors presented in an order which is not intended to be indicative either of the relative likelihood that each risk will materialize or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer and the Group.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Prospectus, including in particular, the risk factors described below, and any document incorporated by reference herein. Prospective investors should also read the detailed information set out elsewhere in this Prospectus, including the documents incorporated by reference, and reach their own views, based upon their own judgement and upon advice from such financial, legal, tax and other professional advisers as they deem necessary, prior to making any investment decisions.

Risks Relating To the Issuer

Factors affecting the Issuer's ability to fulfil its obligations under the Notes

The risks under this heading are divided into the following categories:

- Risks relating to the Group's financial situation
- Risks relating to the Group's business activities and the industry within which it operates
- Legal, regulatory and internal control risks

Risks relating to the Group's financial situation

The Issuer is subject to restrictive covenants under the existing indebtedness and it may be subject to restrictive covenants under any Additional Indebtedness, which could impair its ability to run its business

Any new indebtedness that the Group may incur (the "**Additional Indebtedness**") may contain negative covenants (subject to exceptions to be agreed between the Issuer and the providers of such Additional Indebtedness), restricting, among other things, the Issuer's ability to:

- make certain capital expenditures;
- make certain investments;
- incur additional indebtedness or issue guarantees, including for the purpose of refinancing of existing indebtedness;
- create or incur security;

- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- make a substantial change to the general nature of the Issuer's or the Group's business;
- pay dividends and make other distributions or restricted payments; and
- enter into transactions with affiliates.

The documentation for such Additional Indebtedness may also provide for certain restrictive financial covenants, the breach of which would lead to an event of default thereunder, as well as other terms (including representations, covenants, mandatory prepayments, trigger events and events of default) which are more restrictive than the Conditions.

The restrictions and limitations contained in the documentation for such Additional Indebtedness, as well as the restrictions contained in the Conditions, could affect the Group's ability to operate its business. For example, such restrictions could adversely affect the Group's ability to finance its operations, fund capital expenditure and the implementation of its investment plans or finance its capital needs. Additionally, its ability to comply with these covenants and restrictions may be affected by events beyond its control, including, among other things, prevailing economic, financial and industry conditions. If the Group breaches any of these covenants or restrictions, it could result in a default under the relevant documentation for such Additional Indebtedness.

If there was an event of default under any relevant documentation for such Additional Indebtedness that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under other indebtedness, including the Notes. Any such actions could force the Issuer into bankruptcy or liquidation, and it may not be able to repay its obligations under the Notes in such an event.

The same considerations also apply with reference to the existing indebtedness of the Group, which documentation contains, among other things, customary covenants and events of default. Also in this case, if the Issuer breaches any of these covenants or cause otherwise an event of default under the relevant documentation, unless such default is cured or waived, the holder of the defaulted debt could terminate its commitments thereunder (without being subject to any contractual limitations or conditions towards the Noteholders) and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under other indebtedness, including the Notes. Any such actions could force the Issuer into bankruptcy or liquidation, and it may not be able to repay its obligations under the Notes in such an event.

Risks relating to the difficult conditions in the global financial markets and in the economy in general

Although a global economic recovery has been recorded in recent years after Covid 19, there have been relevant restrictive monetary interventions performed by supranational financial institutions as the European Central Bank since the year 2022. Various concerns remain regarding the ability of certain EU Member States and other countries like the United States to service their sovereign debt obligations. Moreover, the Russian invasion of Ukraine, which was launched on 24 February 2022 and is ongoing at the date of this Prospectus, the sanctions and export controls/embargoes against Russia has already had a significant impact on the European and global economy, with greater market volatility and significant increases in the commodity prices. The ongoing armed conflict between Israel and certain regions of Palestine have heightened geopolitical tensions and contributed to financial instability. These recent events could potentially incite tensions across the broader Middle East, potentially leading to energy-related issues.

The continued uncertainty over the outcome of various international financial support programmes, investor concerns about inadequate liquidity or unfavourable volatility in the capital markets, lower consumer spending, higher inflation or political instability could further disrupt the global financial markets and might adversely affect the economy in general. All of these risks could materially and adversely affect the business, results of operations and financial condition of the Issuer, and, as a result, the Issuer's ability to meet its obligations under the Notes.

Credit risk

Credit risk represents the Issuer's exposure to potential losses that may be incurred if a commercial or financial counterparty fails to meet its obligations. The main credit risks for the Issuer arise from trade receivables from the

provision of the IWS. The Issuer seeks to address this risk with policies and procedures regulating the monitoring of expected collection flows, the issue of reminders, the granting of extended credit terms if necessary and the implementation of suitable recovery measures. This risk has intensified in recent years due to the ongoing economic recession and the Issuer has reacted by implementing a series of preventive measures, which include an increase in internal and external credit management controls. Notwithstanding the foregoing, a general increase in default rates could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Interest rate risk

The Issuer is exposed to fluctuations in rates of interest, in particular from financial indebtedness. The financial indebtedness of the Issuer is mainly represented by fixed rate interest indebtedness, while floating rate financial indebtedness amounted to Euro 25,649,681 million as of 31 December 2022, equal to approx. 11 per cent. of total financial indebtedness as of on 31 December 2022. As of the same date, Euro 1,615,385 million of floating rate financial indebtedness is hedged through not speculative interest rate swaps. The Issuer's objective is to limit its exposure to interest rate increases while maintaining acceptable borrowing costs. The risks associated with increases in interest rates are monitored non-speculatively. There can be no assurance that the hedging policy adopted by the Issuer, which is designed to minimise any losses connected to fluctuations in interest rates in the case of floating rate indebtedness by transforming them into fixed rate indebtedness, will actually have the effect of reducing any such losses. To the extent it does not, this may have an adverse effect on the Issuer's business, financial condition and results of operations.

Funding and liquidity risk

The Issuer's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions. Borrowing requirements for the Group are coordinated by the Issuer's central finance department in order to achieve consistency between financial resources and management plans, to manage net trade positions and maintain the level of risk exposure within the Issuer's prescribed limits. The Issuer's approach toward funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources. However, these measures may not be sufficient to protect the Issuer fully from such risk and, in addition to the impact of market conditions, the ability of the Issuer to obtain new sources of funding may be affected by contractual provisions of existing financings (such as change of control clauses, requiring the Issuer to remain under the control of local authorities, as well as clauses such as negative pledges that restrict the security that can be given to other lenders). If insufficient sources of financing are available in the future for any reason, the Issuer may be unable to meet its funding requirements, which could materially and adversely affect its business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks relating to fluctuations in the prices of energy commodities and in materials for maintenance

The Group is exposed to the volatility of the price of commodities, i.e., the risk associated with unexpected changes in the prices of energy raw materials (electricity, natural gas, coal and fuel oil) and the prices of CO2 emission allowances (EUAs), as well as the fix rate associated with them. Furthermore, the conflict between Russia and Ukraine, started on 24 February 2022, which is ongoing at the date of this Prospectus, has increased the volatility of the price of energy commodities at record levels in the third quarter 2022; however, prices and volatility are progressively reducing. Significant, unexpected and/or structural changes in the price of commodities, especially in the medium term, could lead to a decrease in the Issuer's gross operating margins and cash flows.

Given the general picture of the energy market outlined above, the CAP Group, for the year 2023, the Issuer has entered into contracts for the supply of electricity for which, basically, the price of energy is equal to the value that forms on the GME electricity exchange the day before for the following day, but it is also possible to fix, for a percentage of the volumes, prices in future periods (months or quarters) when situations considered positive or in any case stabilizing are detected on the market.

For the year 2024, the CAP Group intends not to request the fixing service in order to maximize the auction discount and not to limit competition to only those electricity suppliers capable of providing this service. Therefore, for 2024 the CAP Group intends to obtain supplies only through variable price contracts, therefore the price of energy is equal to the value that forms on the GME electricity exchange the day before for the following day.

It should be considered that the cost of electricity is treated by the Italian IWS tariff calculation method as an exogenous and updatable cost, whose variation, under certain conditions, leads to an increase or decrease in the

future tariff of the water service. However, this mechanism may not be sufficient to fully protect the Issuer from changes in its energy costs and to promptly reflect such changes in the applied water service tariff.“ See also above: ”Risks related to the determination and revision of the IWS tariff.

Similar risks may also concern the materials necessary for ordinary and extraordinary maintenance activities (e.g. iron, steel, pipes, electrical panels and IT components). This could lead to higher operational costs to be incurred and possible quality problems of the products and services provided. The Group front this risk with measures similar to those described under the following paragraph “Risks relating to the investments to be carried out by the Issuer under the Investment Plan”.

The Issuer gives no assurance that the measures adopted by it to manage the price fluctuation of the commodities and materials for maintenance it handles are adequate, or that in the future it will be able to continue to rely on the described procurement strategy. This could adversely affect the Issuer’s business, financial condition and results of operations as well as Issuer’s ability to meet its payment obligations under the Notes.

Risks relating to the Group’s business activities and the industry within which it operates

The water business of the Issuer depends on the Concession Agreements

The Issuer’s business relates to the management and provision of an integrated water service (“**IWS**”) (see “*Description of the Issuer—Business*”), to be exercised in compliance with the provisions of the Concession Agreements.

There are a number of events that may lead to early termination of the Metropolitan Area of Milan Concession, including if the Issuer fails to perform its obligations thereunder. Furthermore, the Monza Brianza Concession will cease to be effective upon termination of the Metropolitan Area of Milan Concession (see “*Key Contracts and Concession*”).

In case of termination of the Metropolitan Area of Milan Concession for failure of the relevant “Optimal Territorial Area” (*Ambito Territoriale Ottimale* – “**ATO**” or also *Ente di Governo d’Ambito* – “**EGA**”), or in case of termination of the Metropolitan Area of Milan Concession for public interest reasons, article 158 of Legislative Decree 163/2006 applicabile *ratione termporis*, shall apply with reference to the earmarking of the sums paid to the operator in such cases.

In case of failure by the new operator to pay the termination value to the Issuer, as well as in case of termination, withdrawal or revocation of the Metropolitan Area of Milan Concession, the Issuer shall continue to operate the IWS under the Metropolitan Area of Milan Concession (with reference only to the ordinary services and without any obligation to carry out new investment) – save for investments identified by the ATO which cannot be postponed, together with the tools for the recovery of the related costs – with the extension of the Metropolitan Area of Milan Concession until the new operator proceeds with the payment of its obligations, in any case, prior to the termination of the applicable *pro tempore* period and within the limits of the applicable regulations.

Furthermore, cumulatively with any penalties and sanctions set out by national and regional laws, the Issuer shall also be subject to monetary penalties in case of failure to meet certain obligations under the Metropolitan Area of Milan Concession, unless such failure is due to force majeure events. The application of the above penalties and sanctions do not prejudice the right of the ATO Metropolitan Milan or ATO Monza Brianza to ask for further damages, if any, arising from the termination of the relevant Concession Agreement for Issuer’s default (see “*Key Contracts and Concession*”).

Termination of any Concession Agreement, as well as the application of penalties, sanctions or damages thereunder, could have a material adverse effect on the Issuer’s business, financial condition and results of operations as well as the Issuer’s ability to meet its payment obligations under the Notes.

Risks relating to the investments to be carried out by the Issuer under the Investment Plan

In order to fulfil its obligations under the Concession Agreements, the Issuer is required, *inter alia*, to carry out the investments required under its investment plans pursuant to the Concession Agreements (see “*Regulation*”), including the Investment Plan (as defined in “*Description of the Issuer—Business*”). Failure to meet such investment programmes means that the penalties provided by the Italian Regulatory Authority for Energy,

Networks and Environment (Autorità di Regolazione per Energia, Reti e Ambiente – the "**ARERA**") method, and under the Metropolitan Area of Milan Concession shall apply (see "*Key Contracts and Concession*").

As required by the investment plans and the applicable regulatory framework, the Group has invested and will continue to invest in the development of water provision, sewage and purification plants and networks that it owns or operates under the Concession Agreements.

There is no assurance that the investment strategies implemented by the Group will be successful, as they may be interrupted or delayed due to unforeseen difficulties related to the obtaining of environmental and/or administrative authorisations or the opposition of political groups or other organisations. In addition, the Group's investment strategies under the investment plans may be influenced by changes in the price of equipment, materials and labour, as well as changes to the political or regulatory framework or the Group's inability to raise funds at acceptable interest rates.

Especially in the face of the implementation of the National Recovery and Resilience Plan (PNRR), we are witnessing the launch of numerous projects in the field of engineering at local and national level and the opening of construction sites (the closure of which is expected by 2026). Risk that is also exacerbated by price fluctuations, global supply chain slowdowns, which are improving but not yet at pre-war/pandemic levels. This could reduce the Group's ability to achieve its investment objectives on schedule. The Group is careful to update its price lists for supply and works contracts, in order not to be displaced in the selection of its suppliers. The Group is also committed to developing a Business Continuity Management plan in case of deficiencies in the supply chain. The difficulties of the global macro-economic, political context could also lead to the bankruptcy of some Group suppliers, including strategic ones, with consequences on Group operations. The group considers the adoption of various preventive measures, such as: dividing "strategic" contracts into lots, if possible, in order to have different suppliers; the assessment, as far as possible, of the economic-financial capacity of the supplier in direct assignments for strategic supplies or with suppliers in a lock-in situation, through the rating system offered by specialized companies; the evaluation of the Introduction at contractual level of the disclosure obligation clause in the event of events that may affect the supplier's morality requirements; the formation of an articulated Third Party Risk Management and Risk - Assessment Plan and precautionary actions designed on the basis of the impact of the supply and supplier risk.

The opposition of local committees / entities can be such as to generate major delays and/or blockages in the execution of investments, with consequent impacts on operations. The group adopts preventive measures, such as scheduling preliminary meetings with stakeholders, in order to evaluate the impacts of placing a new work in the investment plan.

The Issuer gives no assurance that the measures adopted by it to manage this risk are adequate, or that in the future it will be able to continue to rely on the described procurement strategy.

Such delays and/or cost increases, could affect the ability of the Issuer to meet regulatory and other environmental performance standards as well as the obligations under the Concession Agreements and could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

The continued management of the IWS by the Issuer depends on its status as an in-house company

ATO Metropolitan Milan has directly entrusted the Issuer with the management of the IWS, without the need for a public tender process, due to the Issuer's status as an in-house company of the Shareholding Municipalities, pursuant to art. 149-*bis* of Legislative Decree No. 152/2006 (the "**Environmental Code**") and art. 5 of the Public Contracts Code (please see "*Regulation*").

As a result of being an in-house company, the Shareholding Municipalities may exercise control over the Issuer similar (*controllo analogo*) to that exercised over its own activities (*servizi*), pursuant to which both strategic objectives and significant decisions of the Issuer are subject to the decisive influence of the Shareholding Municipalities, according to art. 28 EU Directive 2014/25/UE.

The loss of the in-house requirements or a change in law, as well as a negative decision of the ATO Metropolitan Milan in relation to the management model for the IWS, may lead to an early termination of the relevant Concession Agreement.

In these cases (a new law which changes water concessions by order), however, the Italian law principles protects dealers' vested rights ("*principio di tutela dell'affidamento*").

The ATO Monza Brianza, in accordance with the agreement between the neighbouring municipalities (*accordo interambito*) of the ATO, signed the concession, dated 29 June 2016, with the Issuer responsible, as wholesaler, for the provision of part of the IWS (as defined under Legislative Decree 152/2006) relating to some "neighbouring areas" (*zone di interambito*).

In addition, the Monza Brianza Concession is strictly linked to Metropolitan Area of Milan Concession and it will cease to be effective upon termination of the Metropolitan Area of Milan Concession.

As mentioned above, in case of termination of the Metropolitan Area of Milan Concession for failure of the ATO, or in case of termination of the Metropolitan Area of Milan Concession for public interest reasons, article 158 of Legislative Decree 163/2006 shall apply with reference to the earmarking of the sums paid to the operator in such cases. In case of failure by the new operator to pay the termination value to the Issuer, as well as in case of termination, withdrawal or revocation of the Metropolitan Area of Milan Concession, the Issuer shall continue to operate the IWS under the Metropolitan Area of Milan Concession (with reference only to the ordinary services and without any obligation to carry out new investment), save for those investments identified by the ATO which cannot be postponed, together with the tools for the recovery of the related costs – with the extension of the Metropolitan Area of Milan Concession until the new operator proceeds with the payment of its obligations, in any case, prior to the termination of the applicable *pro tempore* period and within the limits of the applicable regulations (see "*Key Contracts and Concession"*).

Nonetheless, in such a case, the early termination of each of the Concession Agreements could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Force majeure as well as other unforeseeable events may affect the economic and financial balance of the Issuer

The Concession Agreements will expire on 31 December 2033. If during the Concession Agreements' lifespan extraordinary and unforeseeable circumstances (such as material increase in customers' default rates or natural disasters) occur which determine an alteration of the economic and financial balance of each of the Concession Agreements, the Issuer may ask for a rebalancing of the original economic and financial conditions, identifying expressly the measures required to ensure the restoration of balance and describing the circumstances that have led to the imbalance. Such measures must then be approved by the ATO Metropolitan Milan or the ATO Monza Brianza, as applicable, and by the ARERA to be validly implemented (please see "*Key Contracts and Concession*").

Delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the imbalance of the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Risks related to socio-environmental context

The global environmental context and in particular the climate change affect the Issuer's activities and business. Indeed, the Issuer shall consider that infrastructures must be designed, built and maintained taking into account the potential impacts that a change in the weather system may have on their operation. The Issuer identifies two categories of environmental risks that may affect its business: direct risks and indirect risks. The direct risks are those physical risks that can arise directly from climate change and that can be "acute" or "chronic". The former are related to extreme weather events while the latter are related to longer-term climate changes and a such tend to be structural. The indirect risks (or transition risks) are those related to amendments to regulations, public policies, technological changes, changes in customer focus, induced by climate change.

The abovementioned risks are considered by the Group in relation to all of its activities. In particular through instruments for hedging the risk of liabilities and through a careful assessment in planning the operational and investment business. The environmental risks are also considered in all activities promoting the circular economy and in particular in relation to the Sustainability Plan.

Nonetheless, the environmental risks could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

The Group may be unable to maintain or obtain the required licences, permits, approvals or consents

The Group's activities entail exposure to regulatory, technical, commercial, economic and financial risks related to the obtaining of relevant permits and approvals from regulatory, legal, administrative, tax and other authorities and agencies. The processes for obtaining these permits and approvals are often lengthy, complex, unpredictable and costly. If the Group is unable to maintain or obtain the relevant permits and approvals, its ability to achieve its strategic objectives could be impaired, which could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Risks related to the determination and revision of the IWS tariff

The Issuer's revenues received for the management of the IWS - as well as for the realisation of the investments envisaged under the relevant investment plans - is solely represented by the tariff, which is quantified by the ATO Metropolitan Milan and the ATO Monza Brianza and approved by the ARERA, in accordance with the provisions of the Concession Agreements, the ARERA regulations as well as Art. 154 of the Environmental Code (see "*Key Contracts and Concession*" and "*Regulation*").

The overall IWS tariff calculation method, as well as its revision at the end of each four-year regulatory period, is laid down in accordance with the "full cost recovery" principle under art. 9 of Directive 2000/60/EC (establishing a framework for Community action in the field of water policy), as better detailed in the Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee (Pricing policies for enhancing the sustainability of water resources - COM/2000/0477).

Nonetheless, given also the long duration of the Concession Agreements, extra-costs/lower incomes may arise due to extraordinary and unforeseeable circumstances, not covered by the tariff, which determine the alteration of the economic and financial balance of the Concession Agreements. In such a case, the Issuer may ask for a rebalancing of the original economic and financial conditions (see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the imbalance in the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Risks relating to quality standards

The Issuer is required to comply with certain contractual and contractual quality standards for the provision of the IWS to end-users, as set out under ARERA Resolution No. 655/2015/R/idr, as amended and integrated, and the Concession Agreements (see "*Regulation*"). Failure to comply with these standards may result in the application to the Issuer of penalties and/or sanctions as well as in the obligation to indemnify the end-users. Although the Issuer believes that it currently complies with the applicable quality standards, any future breach of these standards could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Risks relating to the interruption of the IWS

The Issuer is continuously exposed to the risk of interruption of IWS activities due to the malfunctioning of its infrastructure resulting from events beyond the Issuer's control, such as extreme weather phenomena, natural disasters, fire, malicious damage, accidents, labour disputes and mechanical breakdown as well as any unavailability of equipment of critical importance for the provision of the IWS caused by material damage to the equipment or its components, which may result in increased costs. The Issuer's management believes that its systems of prevention and protection operate according to the frequency and gravity of the particular events. Moreover, its ongoing maintenance plans, the availability of strategic spare parts and insurance coverage for the infrastructures necessary for the IWS, enable the Issuer to mitigate the economic consequences of potentially adverse events that might be suffered by any of its plants or networks. However, there can be no assurance that maintenance costs will not increase compared to those originally planned, that insurance products will continue to be available on reasonable terms or that each event or series of events affecting one or more plants or networks could compromise production capacity and result in loss of income and/or cost increases and, therefore, could have

a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Should such events be due to force majeure or other unforeseeable events not attributable to the Issuer's default under the Concession Agreements, the Issuer could ask for a rebalancing of the original economic and financial conditions (please see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining an imbalance in the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks specifically referred to single segments of the IWS

Sewer flooding

The Issuer's combined sewerage systems can, during prolonged heavy rainfall, reach their hydraulic capacity, which results in flooding. As it is not possible to forecast accurately the occurrence and effects of sewer flooding, forward planning and setting adequate provisions to face or alleviate the risk of sewer flooding is difficult. The financial costs of measures necessary to address sewer flooding, or to alleviate the risk of sewer flooding to properties at risk may be higher than anticipated, which could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Should such events be due to force majeure or other unforeseeable events not attributable to the Issuer's default under the Concession Agreements, the Issuer could ask for a rebalance of the original economic and financial conditions (please see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the imbalance in the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Water shortages

Water shortages may be caused by natural disasters, floods and prolonged droughts, below average rainfall or increases in demand or by environmental factors such as climate change, which may exacerbate seasonal fluctuations in the availability and supply of water. However, the Issuer believes that the occurrence of these events in the Metropolitan Area of Milan could be considered very remote, due to the climate, the geographical features of its territory and the historical abundance of water resources. In the event of water shortages, additional costs may be incurred by the Issuer in order to provide emergency reinforcement to supplies in areas of shortage which may adversely affect its business, results of operations, profitability or financial condition. In addition, restrictions or interruptions on the use or supply of water may adversely affect the Issuer's turnover and potentially result in significant payments to affected customers as compensation, all of which could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Should such events be due to force majeure or other unforeseeable events not attributable to the Issuer's default under the Concession Agreements, the Issuer could ask for a rebalance of the original economic and financial conditions (see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the imbalance in the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Service interruptions due to key infrastructure disruption

Unexpected failure or disruption (including criminal acts or major health and safety incidents) at a key infrastructure (including treatment facilities) could cause a significant interruption to the supply of services (in terms of duration or number of customers affected), materially affecting the way in which the Issuer operates, prejudicing its reputation and resulting in additional costs such as liability to customers or loss of revenue, each of which could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Should such events be due to force majeure or other unforeseeable events not attributable to the Issuer's default under the Concession Agreements, the Issuer could ask for a rebalance of the original economic and financial conditions (see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the imbalance in the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Pipeline collapse

The management of an extensive water provision and sewage network could require ordinary and extraordinary interventions that may affect pipeline stability. These conditions may cause: pipe ruptures with consequent possible damage and flooding of roads, public and private surfaces and properties; sewage pipeline collapse, with consequent possible occurrence of craters that may cause damage to road surfaces.

These events could cause a significant interruption to the supply of the IWS (in terms of duration or number of customers affected) materially affecting the way that the Issuer operates, and could cause damage to third parties, prejudicing the reputation of the Issuer and resulting in additional costs including liability to customers or loss of revenue, each of which could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

It is worth noting that, should such events be due to force majeure or other unforeseeable events not attributable to the Issuer's default under the Concession Agreements, the Issuer could ask for a rebalance of the original economic and financial conditions (see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the imbalance in the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Contamination of water supplies

Water supplies may be subject to contamination, including contamination from the presence of naturally occurring compounds and pollution from man-made substances or criminal acts. In the event that the Issuer's water supply is contaminated and it is unable to substitute water supply from an uncontaminated water source, or to adequately treat the contaminated water source in a cost-effective manner, this may have an adverse effect on its business, financial condition or results of operations because of the resulting prejudice to reputation and required capital and operational expenditure. The Issuer could also be fined for breaches of requirements or regulations, or held liable for human exposure to hazardous substances in its water supplies or other environmental damage, which could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

In addition, contamination of supplies could exacerbate water shortages, giving rise to the issues described above. Risks also arise from adverse publicity that these events may generate and the consequent damage to the Issuer's reputation. Any such negative publicity as a result of contamination could be far reaching due to the high levels of attractiveness of the area in which the Issuer operates and could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Should such events be due to force majeure or other unforeseeable events not attributable to the Issuer's default under the Concession Agreements, the Issuer could ask for a rebalance of the original economic and financial conditions (see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the unbalancing the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Weather and catastrophe risks

There is a risk that extreme weather conditions could cause flooding, prolonged periods of drought and/or operational difficulties, which could adversely affect the Issuer's service performance and give rise to potential

penalties as well as the need to pay compensation to customers the application of other measures under the regulatory framework.

Moreover, catastrophic events such as dam bursts, fires, earthquakes, floods, droughts, terrorist attacks, diseases, plant failure or other similar events could result in personal injury, loss of life, pollution or environmental damage, severe damage to or destruction of the Issuer's operational assets. Any costs resulting from the suspension of operations of the Issuer as a result of such catastrophic events could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

It is worth noting that, should such events be due to force majeure or other unforeseeable events not attributable to the Issuer's default under the Concession Agreements, the Issuer could ask for a rebalance of the original economic and financial conditions (see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the imbalance in the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Risks relating to the implementation of the Issuer's strategic objectives

The Issuer intends to pursue a strategy of development in accordance with its in-house company status. The Issuer's strategy (whose primary objectives are described in the following section "*Description of the Issuer – Strategy*") contains, and is prepared on the basis of, a number of critical assumptions and estimates relating to future trends and events that may affect the business sectors in which the Issuer operates, such as estimates of activity volumes and changes to the applicable regulatory framework. There can be no assurance that the Issuer will achieve its strategic objectives. For example, if any of the events and circumstances taken into account when the strategic objectives were set out do not occur, the future business, financial condition, cash flow and/or results of operations of the Issuer could be different from those envisaged and the Issuer may not achieve its strategic objectives, or do so within the expected timeframe, which could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks relating to joint ventures and partnerships

In the future, the Group may establish partnerships or joint ventures or make acquisitions to develop and implement its strategy or strengthen its core business.

However, the possible benefits or expected returns from such joint ventures, partnerships and acquisitions may be difficult to achieve or may prove to be less valuable than the Group will estimate. Furthermore, such investments are inherently risky as the Group may not be in a position to exercise full influence over the management of the joint venture company or partnership and the business decisions taken by it. In addition, joint ventures, partnerships and acquisitions bear the risk of difficulties that may arise when integrating people, operations, technologies and products. This could have a material adverse effect on the Group's business, financial condition and results of operations, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Although the Group may aim to participate only in ventures in which its interests are aligned with those of its partners, it cannot guarantee that its interests will remain so aligned. Although strategic joint ventures are intended to be stable operational structures, contracts governing such projects typically include provisions for terminating the venture or resolving deadlock. The dissolution of business ventures can be both lengthy and costly and the Group cannot give any assurance that any strategic alliances will endure for a period of time compatible with its strategy.

Risks related to acquisitions of new businesses and integration with the Group's existing operations

When considering an acquisition or investments, the Group makes certain estimates and assumptions as to economic, market, operational and other conditions, including estimates relating to the value or potential value of the business to be acquired and the potential return on investment, as well as the potential capital expenditure. Should such estimates be incorrect, it may have a negative effect on the Group's existing operations. Even when the estimates provide positive results in acquisition and integration of distribution businesses, it may restrict the

number of the potential targets therefore limiting the Group's potential to carry out further acquisitions and/or integrations.

Furthermore, acquisitions require the integration and combination of different management, strategies, procedures, services, client bases and distribution plants and networks, with the aim of streamlining the business structure and operations of the newly enlarged group.

Any acquisition could expose the Issuer and the Group to risks connected with the integration of new businesses into the Group, for example, undisclosed events, circumstances or liabilities of the acquired businesses and distributions plants that could result in additional investment, operating costs or delays in integrating the targets as forecasted or failure or achieve the expected synergies. Failure to integrate investments successfully could have a material adverse effect on the Group's business, financial condition, cash flows and/or results of operations.

The Group controlled by the Shareholding Municipalities whose interests may not be fully aligned with the interests of the holders of the Notes

As of the date of this Prospectus, the Shareholding Municipalities control the Issuer. See "*Description of the Issuer – Shareholders*". The interests of the Shareholding Municipalities may not in all cases be aligned with the interests of the holders of the Notes. For example, if the Group encounters financial difficulties or is unable to pay its debts as they mature, the interests of the Shareholding Municipalities might conflict with the interests of the holders of the Notes. In addition, the Shareholding Municipalities may have an interest in influencing the Issuer's strategy, also in connection with the incurrence of indebtedness or in connection with acquisitions, divestitures, mergers, financings or other transactions that, in its judgment, could enhance its equity investments, even though such transactions might involve risks for the holders of the Notes. Furthermore, where a Shareholder Municipality deems it to be in the special conditions referred to in Articles 20 of Legislative Decree 175/2016, it could decide to dispose of its shareholding and, following this decision, withdraw from the company and request its liquidation. Please see for example, below "Risks relating to corporate withdrawal".

The occurrence of any of these risks could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks related to competition

As at the date of this Prospectus, the Issuer does not face any significant competition in the areas of business in which it operates, primarily due to its status as an in-house company of the Shareholding Municipalities (see "*Description of the Issuer—In-house company*"). However, there is no guarantee that, in the future, changes in the applicable legal and regulatory framework (including that governing the in-house providing mechanism) and how they are interpreted by the courts or by regulators, whether at a national or European level, would not lead to a significant increase in competition. The Issuer's failure or inability to respond effectively to an increased level of competition could have an adverse impact on the Issuer's growth prospects, results of operations and cash flows and its ability to fulfil its obligations under the Notes.

Risks related to insurance coverage

The Issuer maintains insurance coverage in an amount that it believes to be appropriate to protect itself against a variety of risks, such as property damage and liability claims. However, there can be no assurance that: (i) the Issuer will be able to maintain the same insurance coverage in the future (on terms considered acceptable by CAP Holding (considering the degree of risk undertaken by CAP Holding in relation to the insurance coverage conditions and in accordance with the insurance obligations of the Issuer under the Concession Agreements) or at all); (ii) claims will not either exceed the amount of coverage or fall outside the scope of the risks insured under the relevant policy; (iii) insurers will at all times be able to meet their obligations; or (iv) the Issuer's provisions for uninsured or uncovered losses will be sufficient to cover the full amount of liabilities eventually incurred. Any of these scenarios could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Legal, regulatory and internal control risks

Risks relating to legal proceedings or investigations by the authorities

The Issuer is a defendant in a number of legal proceedings, which are incidental to its business activities. CAP Holding made provision in its consolidated financial statements for legal proceedings which amounted to Euro

3,092,359 as at 31 December 2022 (See "*Description of the Issuer - Legal Proceedings*"). The Issuer may, from time to time, be subject to further litigation and to investigations by taxation and other authorities. The Issuer is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing provision. In addition, it cannot be ruled out that the CAP Holding will in future years incur significant losses in addition to amounts already provided for in connection with pending legal claims and proceedings or future claims or investigations which may be brought owing to: (i) uncertainty regarding the final outcome of such proceedings, claims or investigations; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of such proceedings, claims or investigations; (iii) the emergence of new evidence and information; and (iv) the underestimation of likely future losses. Adverse outcomes in existing or future proceedings, claims or investigations could have an adverse effect on the business, financial condition, results and continuation of operations of CAP Holding.

In addition to the above, the Issuer may be subject to enforcement proceedings, which may negatively affect the Issuer's financial positions and day-by-day operation (e.g. by suspending the bank accounts' operation).

Changes in IWS regulation could affect the Group's revenues and results of operation

The IWS is a public service of primary importance, heavily regulated at European, national, regional and local level. For all the aspects of management of the IWS (e.g. assignment of the IWS, conditions for the operation, quality standards as well as tariff calculation and revision), the Issuer must comply with applicable regulations (including those set out by the ARERA) as well as with the provisions contained in the Concession Agreements. Furthermore, as an in-house company of the Shareholding Municipalities, the Issuer must act in compliance with the directives and guidelines set out by the Shareholding Municipalities (see "*Regulation*").

Although the entire regulatory framework is designed to give stability to the IWS sector, it cannot be excluded that –in view of the long-lasting duration of the Concession Agreements, among other things – changes in applicable laws and regulations, whether at a regional, national or European level, and the manner in which they are interpreted, could positively or negatively affect the Issuer's earnings and current operations.

Such changes could include changes in tax rates, legislation and policies as well as changes in environmental, safety or other workplace laws. Public policies related to water, energy, energy efficiency and/or air emissions may also have an impact on the IWS sector. Furthermore, the Issuer operates the IWS in a certain political, legal, and social context and, therefore, even different decisions of the Shareholding Municipalities (and, consequently, of the ATO Metropolitan Milan and the ATO Monza Brianza) may prejudice the Issuer's revenues and results of operations. Regulation of the IWS, as well as political decisions, determine the manner in which the Issuer conducts the IWS and the tariff it charges to end-users. Any new or substantially altered rules and standards may adversely affect the Issuer's business, financial condition and results of operations.

In such a case, the Issuer may ask for a rebalancing of the original economic and financial conditions (see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) circumstances determining the imbalance the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on the Issuer's business, financial condition and results of operations as well as the Issuer's ability to meet its payment obligations under the Notes.

Risks related to information technology

The Issuer's operations are supported by complex information systems, particularly with respect to its technical, commercial and administrative divisions. Information technology risk arises in particular from issues concerning the adequacy of these systems and the integrity and confidentiality of data and information. The major operating risks connected with the IT system involve the availability of "core" systems. The continuous development of IT solutions to support business activities, the adoption of strict security standards and of authentication and profiling systems help to mitigate these risks. In addition, to limit the risk of activity interruption caused by a system fault, the Issuer has adopted hardware and software configurations for those applications that support critical activities, which are subjected to efficiency testing. Specifically, the services provided by the Issuer's outsourcer include a disaster recovery service and business continuity service that are intended to guarantee system recovery within timeframes that are consistent with the critical relevance of the affected applications. Nevertheless, there can be no assurance that serious system failures, network disruptions or breaches in security, including "cyber-attacks", will not occur and any such failure, disruption or breach may have a material adverse effect on Issuer's business,

financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks related to the processing of personal data

The Issuer has taken steps to adopt privacy procedures according to the GDPR (i.e. General Data Protection Regulation, officially regulation (EU) n. 2016/679 of the European Union), nevertheless non-compliant personal data processing and/or data breaches could occur such as to lead to discrimination, theft or usurpation of identity, financial losses, damage to reputation, loss confidentiality of data protected by professional secrecy or any other significant economic or social damage. Since in the event of a violation, sanctions could be imposed by the Public Authority, defined as a maximum of 4 per cent. of the turnover (e.g. for violation of the rights of the interested party). The group adopts various preventive measures: presence of a Privacy team which constantly monitors the issue; - Annual control plan of the DPO (data protection officer); - Annual training plan on privacy; - Database of acquired consents; - Privacy policy and operating instructions; - Information Security Policy; - Computerized treatment register; - Questionnaires, submitted to third parties, for the analysis of IT security organizational and technical measures; - Plan of specific controls on suppliers who carry out group system administration activities; and is implementing more. Nevertheless, there can be no assurance that an event of a violation could occur, causing a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks specifically related to environmental and health and safety liabilities

Risks of environmental and health and safety accidents and liabilities are inherent in the operation of the IWS. Notwithstanding the Issuer's belief that the operational policies and standards adopted and implemented to ensure the safety of its operations are adequate, it is always possible that incidents such as blowouts, spill-overs, pollution and similar events will occur, resulting in damage to the environment, the Issuer's employees and/or local communities.

The Issuer has accrued risk provisions for environmental expenses and liabilities. Notwithstanding such provisions, the Issuer may in the future incur significant environmental expenses and liabilities in addition to the amounts already accrued owing to (i) unknown contamination, (ii) the results of on-going surveys or future surveys on the environmental status of certain of the Issuer's industrial sites as required by applicable regulations on contaminated sites and (iii) the possibility that proceedings will be brought against the Issuer in relation to such matters. Any such liabilities/increase in costs could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Should such events be due to force majeure or other unforeseeable events not attributable to Issuer's default under the Concession Agreements, the Issuer could ask for a rebalancing of the original economic and financial conditions (see "*Key Contracts and Concession*"). However, delay in the rebalancing process as well as disagreement between the parties on (i) the circumstances determining the imbalance in the original economic and financial conditions and (ii) relevant measures to be put in place to restore such balance, could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks relating to the adverse evolution of the regulated environment in which the Group operates

The Issuer operates in a highly regulated environment, which has and is expected to continue to have a material impact on the performance of the Group. Changes in applicable legislation and regulations, whether at a national or European level, as well as in the regulation of the competent regulatory agencies, including the ARERA, could negatively affect the Group's operations, revenues, margins and return on assets, for both existing operations and planned future developments.

Risks relating to skills and expertise of the Issuer's employees

The Issuer's ability to operate its business effectively depends on the skills and expertise of its employees. If the Issuer loses any of its key personnel or is unable to recruit, retain and/or replace sufficiently qualified and skilled personnel, it may be unable to implement its business strategy. This could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks relating to potential disputes with employees

Disputes with the Issuer's employees may arise both in the ordinary course of the Issuer's business or from one-off events, such as mergers and acquisitions or as a result of employees moving to an incoming concession holder upon the expiry or termination of a concession held by the Issuer. Any material dispute could give rise to difficulties in supplying customers and maintaining its IWS networks, which could in turn lead to a loss of revenues and prevent the Issuer from implementing its business strategy. This could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks relating to potential breaches of laws and regulations by employees

There is a risk that the Issuer's employees may breach anti-bribery legislation, the Issuer's internal policies or governance regulations. This could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risks relating to corporate withdrawal

There is a risk that some Issuer's shareholders, not belonging to the territory of the Metropolitan City of Milan, could decide to follow what the Municipality of Cabiate (please see above the paragraph "Risks relating to legal proceedings or investigations by the authorities") did at the time, i.e. to activate the procedure for the resignation of their shareholding in the Group as a company with a similar object or similar to other entities owned by said entities. This although, in reality there is no real "duplication" of corporate instruments with respect to the service received by the aforementioned municipalities. This could also lead to cash settlement pursuant to art. 24 co. 5 Legislative Decree no. 175/2016, of the respective actions. In reality, all the shareholder municipalities of CAP holding S.p.a., even belonging to areas other than that of the metropolitan city of Milan (with the exception of the Municipality of Cabiate and two municipalities in Monza, the latter only partially served by the Group), they have always deliberated positively for the maintenance of participation in the Issuer since the beginning. This case – even if company surely will oppose in judgment, could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risk relating to any breaches of the organisation and management model

Legislative Decree No. 231/2001 ("**Decree 231/2001**") imposes direct liability on a company for certain unlawful actions taken by its executives, directors, agents and/or employees. The list of offences under Decree 231/2001 currently covers, among other things, bribery, theft of public funds, unlawful influence of public officials, corporate crimes (such as false accounting), fraudulent acts and market abuse, as well as health, safety and environmental hazards. In order to reduce the risk of liability arising under Decree 231/2001, the Group has adopted an organisation, management and supervision model (the "**Model**") to ensure the fairness and transparency of their business operations and corporate activities and provide guidelines to their management and employees to prevent them from committing any of the aforementioned offences. Each of these companies has also appointed its own supervisory body (the "*Organismo di Vigilanza*") to oversee the functioning and updating of, and compliance with, the Model.

Notwithstanding the adoption of these measures, the Issuer or any of its consolidated subsidiaries could still be found liable for the unlawful actions of their officers or employees if, in the relevant authority's opinion, Decree 231/2001 has not been complied with. This could lead to a suspension or limitation of the Issuer's or consolidated subsidiaries operating activities and/or an imposition of fines and other penalties, all of which could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risk relating to any breaches of the Plan for the prevention of corruption and for the transparency

The combined provision of Italian Law No. 190/2012 and of Italian Legislative Decree No. 33/2013 has required that the Board of Directors of the Issuer adopted a Plan for the prevention of corruption and for the transparency (the "**Plan**"). The Plan is adopted on a three-year basis, with the current Plan running from 2017 to 2019, and has to be revised and approved by 31 January of each year. The Issuer's Board of Directors has appointed a Head of the Prevention of corruption and Transparency. Finally in January 2023, the Board of Directors of the Issuer approved the update of the three-year plans for the prevention of corruption and transparency for the period 2023 –2025.

Anti-Corruption Law 190/2012 brings a comprehensive set of measures aimed to prevent and eliminate corruption and illegality in the Public Administration to which CAP Holding is subject.

The Plan identifies and addresses the activity areas with potential corruption risk. Among the compulsory activity areas, defined at national level by ANAC (the Italian anti-corruption authority) the Plan covers: staff recruitment and progression; works, services and supply procurement; granting and provision of subsidies and contributions as well as economic advantages allocation of any kind to individuals and public or private entities. The Plan includes also obligations, controls and monitoring actions to enforce the transparency requirements defined in the Legislative Decree No. 33/2013.

Notwithstanding the adoption of these measures, each of the entities of the Group could still be found liable for the unlawful actions of their officers or employees if, in the relevant authority's opinion, Law No. 190/2012 and Legislative Decree No. 33/2013 have not been complied with. This could have a material adverse effect on Issuer's business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risk relating to management control systems

The Issuer's structures produce periodic reporting documents that the management team requires to carry out its activities and take strategic and operational decisions. The Issuer believes that these reports enable its management team to make informed assessments of the Issuer's financial position and prospects. Nonetheless, the Issuer intends to continue improving the reporting system in order to achieve better integration and automation of the reports produced by it, reduce the risk of error and increase the speed of the flow of information.

Should the Issuer fail to implement the reporting system successfully, it may face the risk of data entry errors, which could mean that its management team is not properly informed of any issues which require prompt intervention, adversely affecting the business, financial condition and results of operations as well as Issuer's ability to meet its payment obligations under the Notes.

Risk Relating to the Notes

Set out below is a brief description of the risks relating to the Notes.

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes will bear interest at fixed rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security moves in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

Early redemption of the Notes

The Conditions of the Notes provide that the Issuer may, at its option, redeem all, but not some only, of the Notes at any time in the event of certain tax changes as described under Condition 3.3 (*Prepayment for Tax Reasons*). In the event of an exercise of the above option by the Issuer, Noteholders may not be able to reinvest the redemption proceeds in securities offering a comparable yield.

In addition, pursuant to Condition 3.2 (*Optional Prepayments with Make-Whole Amounts*), the Issuer may choose to redeem at any time all, or from time to time any part of the Notes, in an amount not less than 5 per cent. of the principal amount of the Notes than outstanding in the case of a partial prepayment, at 100 per cent. of the principal

amount so prepaid, together with any accrued interest and the Make-Whole Amount determined for the prepayment date with respect to such principal amount.

Furthermore, in case a Change of Control has occurred, the Issuer will offer to prepay all, but not some only, of the Notes at their principal amount together with interest accrued to the date of redemption, under Condition 3.4 (*Change of Control*).

In addition, pursuant to Condition 3.5 (*Concession Event Mandatory Prepayment*), in case a Concession Event has occurred, the Issuer will mandatory prepay all, but not some only, of the Notes at their principal amount together with interest accrued to the date of redemption and the Make-Whole Amount in respect of such Notes and on the date of prepayment.

Also, according to Condition 3.10 (*Prepayment in Connection with Asset Sales*), if the Company sells its assets and is required to use the proceeds to prepay the Notes, it must inform each Noteholder with details of the sale, referring to Condition 3.10, specifying the portion of each note to be prepaid, and setting a prepayment date within 30 to 60 days. The Issuer's offer shall include the pro rata portion of each Note plus accrued interest, without any additional payment. Noteholders have to respond in writing by the specified date, and failure to do so will be considered a rejection of the offer.

Lastly, pursuant to Condition 3.12 (*Prepayment in Connection with a Noteholder Sanctions Event*), if a Noteholder notifies the Company of a Noteholder Sanctions Event, the Issuer is obliged to promptly offer to prepay the entire outstanding principal amount of the Notes held, along with interest. The Affected Noteholder needs to accept or reject this offer within a specified time frame; failure to respond will be considered as acceptance. However, if the Issuer remedies the situation causing the Noteholder Sanctions Event before the prepayment date, it may not be required to proceed with the prepayment. Additionally, if an Affected Noteholder requires clearance from a Governmental Authority to receive the prepayment, the amount becomes due either on the agreed prepayment date or within 10 business days of the clearance being obtained, without constituting a default.

If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in comparable securities offering yield similar to that of the Notes. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Investors must rely on the procedures of the clearing systems to trade their beneficial interests in the Notes and to receive payments under the Notes

The Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (the "**ICSDs**"). Except in the circumstances described in the relevant Global Note Certificates, investors will not be entitled to receive Individual Notes Certificates. While the Notes are represented by one or more Global Notes Certificates, the ICSDs will maintain records of the beneficial interests in the Global Notes Certificates and investors will be able to trade their beneficial interests only through the ICSDs. Similarly, the Issuer will discharge its payment obligations under the Notes by making payments to the ICSDs for distribution to their accountholders and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes Certificates. A holder of a beneficial interest in a Global Note Certificates must therefore rely on the procedures of the ICSDs to receive payments under the relevant Notes.

In addition, holders of beneficial interests in the Global Notes Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs to appoint appropriate proxies.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such

withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including in particular withholding or deduction of: Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**").

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also the section of this Prospectus entitled "*Taxation*".

Change of law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus.

Decisions at Noteholders' meetings bind all Noteholders

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 12 (*Amendment and Waiver*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes may have an adverse impact on Noteholders' rights and on the market value of the Notes.

Risks related to any Second-party Opinions which may be provided in respect of the Notes

In November 2023, CAP Holding adopted a new sustainable finance framework including sustainability-linked principles (the "**CAP Group Sustainability-Linked Financing Framework**", or the "**Sustainable Finance Framework**"). The Sustainable Finance Framework has been developed to show how CAP Holding intends to continue supporting its sustainability strategy and vision via the utilisation of sustainability-linked financing instruments, in accordance with the Sustainability-Linked Bond Principles (the SLBP) administered by the International Capital Markets Association (ICMA) and the Sustainability-Linked Loan Principles (the SLLP) administered by the Loan Market Association (LMA). The Sustainable Finance Framework was reviewed by S&P Global Ratings which provided a second-party opinion confirming the alignment of the Sustainable Finance Framework with the SLBP, and the SLLP (the "**Sustainable Finance Framework Second-party Opinion**"). The Sustainable Finance Framework Second-party Opinion or any other opinion, report or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue and listing of any Notes (together with the Sustainable Finance Framework Second-party Opinion, the "**Second-party Opinions**") may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of any Notes under the Prospectus. Any Second-party Opinion would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released. A withdrawal of the Sustainable Finance Framework Second-party Opinion or any other relevant Second-party Opinion may affect the value of any such Notes and/or may have consequences for certain investors with portfolio mandates to invest in sustainability-linked assets. CAP Holding does not assume any obligation or responsibility to release any update or revision to the Sustainable Finance Framework and/or information to reflect events or circumstances after the date of publication of the Sustainable Finance Framework and, therefore, an update or a revision of the Sustainable Finance Framework Second-party Opinion may or may not be requested to S&P Global Ratings or other providers of Second-party Opinions.

Moreover, Second-party Opinion providers are not currently subject to any specific regulatory or other regime or oversight. Any Second-party Opinion is not, nor should be deemed to be, a recommendation by the Issuer, any

member of the Group, any Second-party Opinion providers, the External Verifier (as defined in this Prospectus – See *Second Party Opinion and External Verification*) or any other person to buy, sell or hold any Notes. Noteholders have no recourse against the Issuer, or the provider of any Second-party Opinion for the contents of any such Second-party Opinion, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any Second-party Opinion and/or the information contained therein and/or the provider of such Second-party Opinion for the purpose of any investment in any Notes. Any withdrawal of any Second-party Opinion or any such opinion or certification attesting that the Group is not complying in whole or in part with any matters for which such Second-party Opinion is opining on or certifying on may have a material adverse effect on the value of any Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics

Although the interest rate relating to the Notes is subject to upward adjustment in certain circumstances specified in the "*Terms and Conditions of the Notes*" (the "**Conditions**"), such Notes may not satisfy an investor's requirements or any future legal or *quasi* legal standards for investment in assets with sustainability characteristics.

In addition, the interest rate adjustment in respect of the Notes depends on a definition of, as the case may be, Scope 1, 2 and 3 GHG emissions calculated as tCO_2eq and Water leaks (M1b) that may be inconsistent with investor requirements or expectations or other definitions relevant to renewable energy and/or greenhouse gas emissions and/or material recovery. The Issuer defines Scope 1 GHG emissions as the Company's direct greenhouse gas emissions from fossil fuels consumption, fluorinated gases leakage and emissions from wastewater treatment. Scope 2 GHG emissions are defined as indirect GHG emissions from electricity purchased by CAP Group. Conversely, indirect Scope 3 GHG emissions are defined as those stemming from purchased goods and services, capital goods, upstream transportation and distribution services, waste generated in operations, and employee commuting. Lastly, water leaks (M1b) are defined as the ratio of total real water leaks volume to total volume entering the aqueduct system in a year.

Although the Issuer targets (i) a 42 per cent. reduction of absolute Scope 1 and 2 GHG emissions by the year 2030 compared to 2021 levels, (ii) a 25 per cent. reduction of absolute Scope 3 emissions in 2030 compared a 2021 base year, and (iii) decreasing real water leaks by 17 per cent. by 2027 compared to 2018 levels, there can be no assurance of the extent to which it will be successful in doing so or that any future investments it makes in furtherance of these targets will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Adverse environmental or social impacts may occur during the design, construction and operation of any investments the Issuer makes in furtherance of these targets or such investments may become controversial or criticized by activist groups or other stakeholders.

Failure to satisfy the relevant SPTs may have a material impact on the market price of the Notes and could expose the Group to reputational risks

Although the Issuer's intention, on issue of any Notes under the Prospectus, will be to (i) reach a 42 per cent. reduction of absolute Scope 1 and 2 GHG emissions by the year 2030 compared to 2021 levels, (ii) reduce by 25 per cent. absolute Scope 3 emissions in 2030 compared a 2021 base year, and (iii) decrease real water leaks by 17 per cent. by 2027 compared to 2018 levels (the "**Sustainability Performance Targets**", or "**SPTs**"), there can be no assurance of the extent to which it will be successful in doing so, that the Issuer may decide not to continue with achieving such SPTs or that any future investments it makes in furtherance of achieving such objectives will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact.

Any of the above could adversely impact the trading price of the Notes and the price at which a Noteholder will be able to sell its Notes in such circumstance prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder - See also *The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics* above for a description of the risk that the Notes may not satisfy an investor's requirements or any future legal or other standards for investment in assets with sustainability characteristics.

In addition, a failure by the Group to satisfy the relevant Sustainability Performance Target would not only result in increased interest payments under the Notes or other relevant financing arrangements, but could also harm the Group's reputation. Investors should consider the following risks which will be faced by the Issuer in achieving such targets and which may impair Noteholders' rights as well as the market value of the Notes. Risks encompass biogenic emissions' challenge in water utilities, administrative hurdles for renewable energy equipment, market failure in delivering technological and low-emission materials, technical and regulatory constraints hindering target achievement, climate-induced infrastructure resilience risks, and the failure to foster a proactive preventive culture among involved stakeholders.

Lastly, no Event of Default shall occur under any Notes, nor will the Issuer be required to repurchase or redeem such Notes, if the Issuer fails to meet the Sustainability Targets.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a brief description of the principal market risks.

There is no active trading market for the Notes and one cannot be assured

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices. There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Notes.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Delisting of the Notes

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. Transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*".

INFORMATION INCORPORATED BY REFERENCE

The following information has been filed with the Central Bank of Ireland and Euronext Dublin and shall be deemed to be incorporated in, and to form part of, this Prospectus **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement:

(i) the audited annual consolidated financial statements of the Issuer as of and for the year ended 31 December 2022 prepared in accordance with IFRS, which can be found at https://www.gruppocap.it/content/dam/groupcap/assets/documents/documents-web/investor-relations/bilanci-cap-holding/2022/Consolidated per cent.20financial per cent.20statement per cent.202022.pdf; and

(ii) the audited annual consolidated financial statements of the Issuer as of and for the year ended 31 December 2021 prepared in accordance with IFRS, which can be found at https://www.gruppocap.it/content/dam/groupcap/assets/documents/documents-web/investor-relations/bilanci-cap-holding/2021/Consolidated per cent.20financial per cent.20statement per cent.202021.pdf,

in each case together with the accompanying notes and, where applicable, external auditors' report.

Any documents which are themselves incorporated by reference in the documents incorporated by reference in this Prospectus, shall not form part of this Prospectus (unless they are being separately incorporated by reference in this Prospectus under this section). Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer.

In addition, such documents will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent, unless such documents have been modified or superseded.

For ease of reference, the tables below set out the relevant page references for the consolidated financial statements, the notes to the consolidated financial statements and the Auditors' reports for the years ended 31 December 2022 and 31 December 2021 for the Issuer, as set out in the respective annual reports.

This Prospectus will be available, in electronic format, on the website of Euronext Dublin (https://live.euronext.com/).

The following table shows where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents. Information contained in those documents other than the information listed below does not form part of this Prospectus, and is not relevant for an investor or is covered elsewhere in this Prospectus.

CAP Holding S.p.A.

Audited consolidated financial statements of the Issuer prepared in accordance with IFRS as of and for the years ended 31 December

	2022	**2021**
Statement of Financial Position	Pages 85	Pages 85
Statement of Comprehensive Income	Page 86	Page 86
Cash flow statement	Page 87	Page 87
Changes in shareholders' equity	Page 88	Page 88
Explanatory notes to the financial statements	Pages 89-136	Pages 89-135
Auditors Report	Pages 141	Pages 140

The documents set out above are translated into English from the original Italian. The Issuer has accepted responsibility for the accuracy of such translation.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form.

The issue of up to €105,000,000 5.10 per cent. Senior Unsecured Notes due 5 December 2037 (the "**Notes**",) of CAP Holding S.p.A. (the "**Issuer**" or the "**Company**") was authorised by the resolution of its shareholders's meeting dated 12 October 2023 duly registered with the competent chamber of commerce of Milan pursuant to Article 2410, third paragraph of the Italian Civil Code on 18 October 2023. The Notes are constituted by the note purchase and private shelf agreement dated 5 December 2023 between the Company and the purchaser(s) as named therein (as amended or supplemented from time to time, the "**Note Purchase Agreement**") and subject to, and have the benefit of, a deed of covenant dated 5 December 2023 (as amended or supplemented from time to time, the "**Deed of Covenant**"). The Notes are the subject of a fiscal agency agreement dated 5 December 2023 (as amended or supplemented from time to time, the "**Agency Agreement**") between, *inter alia*, the Issuer, BNP Paribas, Luxembourg Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**" or "**Holders**" as defined in Condition 1 below), are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below. The Agency Agreement will be available only upon request to the Fiscal Agent.

Any term in these Terms and Conditions is, unless otherwise stated, construed in accordance with Condition 1 (Defined Terms) of the Terms and Conditions of the Notes and with Schedule A of the Note Purchase Agreement.

1. DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Conditions hereof following such term:

"Additional Covenant Effective Date" is defined in Condition 4.9.

"Additional Amounts" is defined in Condition 8.1.

"Additional Payments" is defined in Condition 3.3(d).

"Affected Noteholder" is defined within the definition of "Noteholder Sanctions Event."

"Affected Notes" is defined in Condition 3.12(a).

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly, 10 per cent. or more of any class of voting or equity interests of the Company or any Subsidiary or any Person of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10 per cent. or more of any class of voting or equity interests. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Applicable Currency" means (i) with respect to any Notes denominated in Dollars, Dollars and (ii) with respect to any Notes denominated in Euros, Euros.

"Asset Sale Prepayment Date" is defined in Condition 3.10.

"Asset Sale Response Date" is defined in Condition 3.10.

"Authorized Officer" means the chairman (or chairwoman) of its board of directors, its chief executive officer, its chief financial officer, any other Person authorized by the Company to act on behalf of the Company and designated as an "Authorized Officer" of the Company or any other Person authorized by the Company to act on

behalf of the Company and designated as an "Authorized Officer" of the Company for the purpose of these Terms and Conditions in an Officer's Certificate executed by the Company's chief executive officer or chief financial officer and delivered to the Noteholder.

"Available Currencies" means Dollars or Euros.

"Banking Act" is defined in Condition 4.10.

"Beneficial Owners Register" is defined in Condition 9.1(b).

"Business Day" means (i) other than as provided in clauses (ii) and (iii) below, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City, or Milan, Italy are authorized or required to be closed or (with respect to Euros) a day which is not a TARGET Settlement Day, (ii) for purposes of Condition 3.7, (a) if with respect to Notes denominated in Dollars, a New York Business Day, and (b) if with respect to Notes denominated in Euros, any day which is both a New York Business Day and a TARGET Settlement Day, and (iii) for the purposes of any payment under the Notes, any day which is a TARGET Settlement Day.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Cash Equivalents" with:

(a) cash at banks,

(b) all assets qualified as cash and cash equivalents under the Accounting Principles and

(c) all assets (including, but not limited to, certificates of deposit, time deposits and any credit arising from repurchase transactions) that can be liquidated within twelve months;

(d) but excluding:

(i) other financial assets represented by Italian government bonds maturing within one year after the relevant date of calculation; and

(ii) financial receivables due to the Group arising from the assignment or transfer of debts of the Group to entities other than the Company or any Subsidiary, in each case, as shown in, or determined by reference to, their annual consolidated financial statements, calculated on a consolidated basis, as shown in, or determined by reference to the Company's internal management accounts.

"Change in Mandatory Italian Law" is defined in Condition 12.7.

"Change in Tax Law" is defined in Condition 3.3(d).

"Change of Control" means the Permitted Holders, shall in the aggregate, directly or indirectly, cease to control or own (beneficially or otherwise) a number of shares representing in the aggregate more than 50 per cent. of the total voting power of all classes then outstanding of the voting stock of the Company or have the right to appoint a majority of the members of the Board of Directors at the Company's ordinary and extraordinary shareholders' meeting.

"Clearing System" means Euroclear or Clearstream, as the case may be.

"Clearstream" means Clearstream Banking, société anonyme.

"Closing" and **"Closing Day"** means the Issue Date of the Notes.

"Code" means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder from time to time.

"Common Depositary" means the common depositary for the Clearing System or its nominee.

"Company" is defined in the first paragraph of these Terms and Conditions.

"Competitor" means any Person (other than the Purchaser, other the Purchaser's Affiliate, or their respective Related Funds) which is involved, directly or indirectly, to a material extent in a similar or competing business of the Group provided that:

(a) the provision of investment advisory services by a Person to a Plan or Non-U.S. Plan which is owned or controlled by a Person which would otherwise be a Competitor shall not of itself cause the Person providing such services to be deemed to be a Competitor if such Person has established procedures which will prevent confidential information supplied to such Person by any member of the Group from being transmitted or otherwise made available to such Plan or Non-U.S. Plan or Person owning or controlling such Plan or Non-U.S. Plan; and

(b) in no event shall an Institutional Investor that maintains or manages passive investments in any Person that is a Competitor be deemed a Competitor.

"Compliance Certificate" is defined in Condition 4.14.2.

"Concession Agreement" means the concession agreement dated 20 December 2013 between the Company and the competent office of the ATO Metropolitan Milan (the *Ufficio d'Ambito*), as amended on 29 June 2016.

"Concession Event" means, at any time, an event where the Concession Agreement is dissolved, terminated prior to their expiry date, or revoked, declared null and void by the competent authority, or otherwise cease to have effect for any reason.

"CONSOB" means the Commissione Nazionale per le Società e la Borsa, the Italian securities and exchange commission.

"CONSOB Regulation No. 11971" is defined in the definition of "Qualified Investor".

"CONSOB Regulation No. 20307" is defined in the definition of "Qualified Investor".

"Consolidated EBITDA" means, in respect of any Relevant Period, with reference to the Company's annual consolidated financial statements for that Relevant Period, the profit of the Company before taxation, before deducting any net interest expense of the Company and (to the extent the Company's financial statements are produced on a consolidated basis) any consolidated Subsidiary in respect of that relevant period and adding back depreciation, amortization, write-downs and provisions.

"Consolidated Interest Expenses" means, in respect of any Relevant Period, the sum of interest expenses paid by the Company and its Subsidiaries including exchange rate losses (*totale degli oneri finanziari effettivamente sostenuti dal Gruppo (inclusi le perdite su cambi)*) calculated on a consolidated basis and as shown in, or calculated by reference to, the Company's annual consolidated financial statement for that Relevant Period;

"Consolidated Gross Debt" means, in respect of any Relevant Period, the sum of the following items, calculated on a consolidated basis, in each case, as shown in, or determined by reference to, the Annual Consolidated Financial Statements for the period ending on such Determination Date:

(a) bonds (*obbligazioni*);

(b) bank debts (*debiti verso banche*);

(c) assumption of debts granted to shareholder public local entities (*accolli di mutui e/o prestiti finanziari accessi da enti locali soci*);

(d) debts owed to ATO Milano and Monza Brianza as a result of assumption of debts (*debiti verso ATO Milano e Monza Brianza per accollo mutuo*);

(e) total charges in respect of certain interest rate swaps (*oneri complessivi generati da operazioni di Interest Rate Swap*); and

(f) any other financial liabilities (including under leasing, factoring or other debt instruments) (*altre passività di natura finanziaria (inclusi leasing, factoring e ogni altro strumento finanziario di debito)*).

"Consolidated Net Debt" means, as of any Determination Date, the sum for the Company and its Subsidiaries of:

(a) Consolidated Gross Debt; *minus*

(b) available cash (*disponibilità finanziarie*) and Cash Equivalents; *minus*

(c) other financial assets represented by Italian government bonds maturing within one year after the relevant date of calculation of the Consolidated Net Debt; *minus*

(d) financial receivables due to the Group arising from the assignment or transfer of debts of the Group to entities other than the Company or any Subsidiary, *minus*

(e) amounts payable due to Cassa Depositi e Prestiti S.p.A. as guarantee commissions on the loan issued by the European Investment Bank backed by Cassa Depositi e Prestiti S.p.A. itself, which as of the date of this Prospectus amount to €3,249,864 and are expected to be paid in full by 30 June 2032.

in each case, as shown in, or determined by reference to, (i) in respect to a Determination Date falling on June 30, the Company's internal management accounts and (ii) in respect of a Determination Date falling on December 31, the annual consolidated financial statements, and in each case determined on a consolidated basis in accordance with GAAP for such Determination Date.

"Consolidated Total Assets" means, at any date, the total assets of the Group, determined on a consolidated basis in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "Controlled" and "Controlling" shall have meanings correlative to the foregoing.

"Controlled Entity" means (i) any of the Subsidiaries of the Company and any of their or the Company's respective Controlled Affiliates and (ii) if the Company has a parent company, such parent company and its Controlled Affiliates.

"Decree No. 239" means Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" with respect to any Note, has the meaning given in such Note.

"Determination Date" means:

(a) December 31 of each year for Conditions 5.5 and 5.7;

(b) with respect to the covenants in Condition 5.6, June 30 and December 31 of each year; and

(c) provide that if any covenant or similar provision to Conditions 5.5, 5.6 and 5.7 contained in, or any test or calculation required by, any Primary Credit Facility that is tested or calculated more frequently than in (a) or (b) above, as applicable, then each such other date shall be a Determination Date for each such covenant.

"Disposition" is defined in Condition 5.9.

"Dollar Equivalent" means, with respect to any Notes denominated or to be denominated in any Available Currency other than Dollars ("Non-Dollar Notes"), the Dollar equivalent of the principal amount of such Non-Dollar Notes, in each case as set forth in the records of the Purchaser, and with respect to any Notes denominated or to be denominated in Dollars, such Dollar amounts.

"Dollar Notes" means the Notes denominated in Dollars.

"Dollars," "U.S. Dollars," "$" or **"U.S. $"** means lawful currency of the United States of America.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

"Equity" means in at any time, the total consolidated equity at such date, determined in accordance with GAAP.

"ERISA" means the Employee Retirement Income Security Act of 1974 and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under Condition 414 of the Code.

"Euro," "EUR" or **"€"** means the unit of single currency of the Participating Member States.

"Euro Notes" means the Notes denominated in Euros.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Event of Default" is defined in Condition 6.

"FATCA" means (a) Conditions 1471 through 1474 of the Code, as of the date of these Terms and Conditions (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), together with any current or future regulations or official interpretations thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of the foregoing clause (a), and (c) any agreements entered into pursuant to Condition 1471(b)(1) of the Code.

"Financial Services Act" means the Legislative Decree No. 58 of February 24, 1998, as amended from time to time.

"Fiscal Agent" means BNP Paribas, Luxembourg Branch, acting in its capacity as fiscal agent under the Agency Agreement (or any other entity acting in such capacity which is reasonably satisfactory to the Required Holders), or any replacement of such Person by the Company pursuant to the terms of the Agency Agreement which replacement is reasonably satisfactory to the Required Holders.

"GAAP" means (a) with respect to the Company International Financial Reporting Standards as in effect from time to time and (b) with respect to any other Person, generally accepted accounting principles applicable to such Person in its jurisdiction of incorporation or organization from time to time.

"Global Note Certificate" is defined in Condition 2.

"Governmental Authority" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

"Group" means the Company and its Subsidiaries.

"Guaranty" means, with respect to any Person, any obligation (except (1) the endorsement in the ordinary course of business of negotiable instruments for deposit or collection or (2) any Neutalia Borsano Project Commitment) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Materials" means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law, including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"Holder" or **"Noteholder"** means, with respect to any Note, (a) where the Notes are represented by a Global Note Certificate, the Person who is the beneficial owner of such Note as registered in the Beneficial Owners Register maintained by the Company pursuant to Condition 9.1, and (b) where the Notes are represented by Individual Note Certificates, the Person who is registered as the holder of such Note in the Beneficial Owners Register.

"IFRS" means International Financial Reporting Standards as in effect from time to time in Italy.

"Incorporated Covenant" is defined in Condition 4.9(b).

"Indebtedness" means, at any time, the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including, without limitation, *pagherò cambiario* with expiry date not exceeding 240 days;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated a finance or capital lease;

(e) receivables sold or discounted (other than receivables to the extent they are sold on a non-recourse basis according to GAAP);

(f) the cost of the purchase of any goods or for the payment of services provided by third parties within the limits in which the same is payable following the acquisition of the aforementioned goods or the supply of the service by the relevant party, in the event that the payment of the goods / service is (i) not in the ordinary course of business, or (ii) mainly agreed as a method to raise funds or to finance the acquisition of the aforementioned asset or finance the cost of providing the aforementioned service, including the related recognition of the relevant debt;

(g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(h) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and

(i) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in clauses (a) to (h) above.

For the avoidance of doubt, the Neutalia Borsano Project Commitment does not constitute Indebtedness for the purposes of this definition or these Terms and Conditions.

"Individual Note Certificate" is defined in Condition 2.

"Institutional Investor" means (a) any holder of a Note holding (together with one or more of its affiliates) more than 10 per cent. of the aggregate principal amount of the Notes then outstanding, (c) any insurance company, commercial, investment or merchant bank, finance company, mutual fund, registered money or asset manager, savings and loan association, credit union, registered investment advisor, pension fund, investment company, or licensed broker or dealer or any other similar financial institution or entity, regardless of legal form, (d) a "qualified institutional buyer" (as such term is defined under Rule 144A promulgated under the United States Securities Act, or any successor law, rule or regulation) or institutional "accredited investor" (as such term is defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, or any successor law, rule or regulation) and (e) any Related Fund of any holder of any Note.

"Interest Payment Date" means with respect to the Notes, 5 June and 5 December in each year, commencing on 5 June 2024.

"Italian Civil Code" means the Italian Civil Code as enacted pursuant to the Royal Decree of 16 March 1942, no. 262, as subsequently amended.

"**Italian Qualified Investor**" means (a) any person resident for tax purposes in a State or territory included in the White List; or (b) international entities and organizations established in accordance with international agreements ratified in Italy; or (c) non-Italian institutional investors, not subject to tax, established in countries listed in the White List; or (d) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

"Italian Registration Duty" means any registration tax or stamp duty payable, respectively, pursuant to the Italian Presidential Decree n. 131 of April 26, 1986 and the Italian Presidential Decree n.642 of 26 October 1972 (as amended from time to time), in connection with (i) the voluntary registration, (ii) deposit with an Italian Court, when carrying out administrative activity, or with a Governmental Authority in Italy, unless the filing is mandatorily required by law (*caso d'uso*), (iii) mentioning or in any way reference to in other agreements and deeds registered in Italy and entered into by the same parties (*enunciazione*), or (iv) use in an Italian judicial proceeding of these Terms and Conditions, the Notes or any other agreement or document related hereto or thereto or the transactions herein or therein.

"Italy" means the Republic of Italy.

"Joint Representative" is defined in Condition 12.2.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements). For the avoidance of doubt the term "Liens" does not include or refer to (i) surety or guarantee (for example "*fideiussione bancaria*", "*fideiussione*", "*garanzia a prima richiesta*") or (ii) deposit granted in the ordinary course of business (for example "*deposito cauzionale per lavori, opere, attraversamenti*").

"Listing" is defined in Condition 4.11.

"Make-Whole Amount" is defined in Condition 3.9(a).

"Mandatory Italian Law" is defined in Condition 12.7.

"Material" means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property, condition (financial or otherwise), or prospects of the Group taken as a whole, (b) the ability of the Obligors (taken as a whole) to perform their obligations under these Terms and Conditions, the Notes or under any Subsidiary Guaranty, or (c) the validity or enforceability of these Terms and Conditions, the Notes or any Subsidiary Guaranty or the rights or remedies of any holder of the Notes hereunder or thereunder.

"Material Subsidiary" means, at any time, any consolidated Subsidiary that accounts for more than 10 per cent. of Consolidated EBITDA as determined in accordance to the most recent annual consolidated financial statements of the Company, provided that: (a) if a Person has become a consolidated Subsidiary of the Company after the date on which the annual consolidated financial statements have been prepared, Consolidated EBITDA accounted

for by that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited) and will be consolidated if that Subsidiary itself has Subsidiaries; (b) the annual consolidated financial statements and the corresponding financial statements of each relevant consolidated Subsidiary will be adjusted (where appropriate) to reflect fairly the proportion of Consolidated EBITDA accounted for by any Person or business subsequently acquired or disposed of; and (c) where a consolidated Subsidiary (the "Intermediate Holding Company") has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary.

"Maturity Date" with respect to any Note, has the meaning given to such term in such Note.

"More Favorable Covenant" is defined in Condition 3.9(a).

"Modified Make-Whole Amount" is defined in Condition 3.9(a).

"Most Favored Lender Notice" is defined in Condition 4.9.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in Condition 4001(a)(3) of ERISA).

"NAIC" means the National Association of Insurance Commissioners.

"Neutalia Borsano Project" means the project pursued by Neutalia S.r.l. involving (i) the construction of two pre-treatment plants for bulky and undifferentiated waste in Borsano, within the municipality of Busto Arsizio; (ii) the establishment of two integrated downstream facilities, aimed at recovering dust and slag generated during the waste treatment process; (iii) the integration of the existing waste-to-energy plant in Borsano into the local district heating networks; and (iv) the investments targeted at enhancing the efficiency of the waste-to-energy plant in Borsano and conducting extraordinary maintenance works.

"Neutalia Borsano Project Commitment" means any transaction pursuant to a contribution agreement or capitalization agreement or other agreement entered into or to be entered into by the Company in respect of the Neutalia Borsano Project whereby the Company commits to:

(a) deliver guaranteed quantities of waste or waste water;

(b) provide or pay any guaranteed price or tariff or penalty adjustment related thereto;

(c) provide any equity contribution or shareholder financing to Neutalia S.r.l. up to €8,500,000;

(d) assume the or otherwise satisfy the liability of the other contributing shareholders of Neutalia S.r.l (including any liability to buy new shares in or otherwise contribute capital or shareholder loans to Neutalia S.r.l.) if such other contributing shareholders default in their obligations in relation to the Neutalia Borsano Project, provided that such liability shall not exceed the amount of €10,000,000 per year, beginning in the year 2024 and ending in the year 2038 and further provided that such amount shall be revalued each year due to the annual changes in the purchasing power of the applicable currency, as ascertained by ISTAT.

"Non-U.S. Plan" means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

"Note Certificate" refers to an Individual Note Certificate and a Global Note Certificate (as applicable).

"Noteholder Sanctions Event" means, with respect to any holder of a Note (an "Affected Noteholder"), such holder or any of its affiliates being in violation of or subject to sanctions (a) under any Sanctions Laws as a result of the Company or any Controlled Entity becoming a Sanctioned Person or, directly or indirectly, having any investment in or engaging in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Sanctioned Person or in any Sanctioned Country or (b) under any similar laws, regulations or orders adopted by any State within the United States as a result of the name of the Company or any Controlled Entity appearing on a State Sanctions List.

"Noteholder Voting Agreement" means the agreement entered into between each Purchaser and the relevant agent in order to facilitate and coordinate among themselves the procedures by which written amendments, waivers, consents and other actions, if any, may be given or taken under these Terms and Conditions and the Notes in order to comply with Italian law.

"Noteholder Voting Agreement Joinder" means the agreement entered into by any transferee of the Notes that desires to join and become bound by the Noteholder Voting Agreement.

"Noteholders' Meeting" is defined in Condition 12.1.

"Obligor" means, individually or collectively, the Company and the Subsidiary Guarantors.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"OFAC Sanctions Program" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Participating Member State" means any member state of the European Community that maintains the Euro as its lawful currency in accordance with legislation of the European Community relating to Economic Monetary Union.

"Paying and Transfer Agent" means the Fiscal Agent, acting in its capacity as paying and transfer agent under the Agency Agreement (or any other entity acting in such capacity which is reasonably satisfactory to the Required Holders), or any replacement of such Person by the Company pursuant to the terms of the Agency Agreement which replacement is reasonably satisfactory to the Required Holders.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"Permitted Holder" means:

(a) any municipalities or provinces in the Republic of Italy that are shareholders of the Company as of the Date of these Terms and Conditions and any municipalities or provinces in the Region of Lombardy holding or acquiring an equity interest in the share capital of the Company at any time, in each case either directly or through one or more intermediate persons (including any consortiums incorporated pursuant to Article 31 of Legislative Decree No. 267 of 18 August 2000); or

(b) any Person directly or indirectly controlled by any of the foregoing.

"Permitted Jurisdiction" means (a) the United States of America, (b) Italy and (c) any other country that on 30 April 2004 was a member of the European Union (other than Greece or Portugal).

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality.

"PGIM" means PGIM, Inc.

"Plan" means an "employee benefit plan" (as defined in Condition 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Primary Credit Facility" means:

(a) the facility agreement between the European Investment Bank and CAP Holding S.p.A dated 13 October 2014 (the **"EIB Loan 2014"**) as amended, extended, renewed or refinanced;

(b) the facility agreement between the European Investment Bank and CAP Holding S.p.A. dated 11 April 2022 (the **"EIB Loan 2022"** and together with the EIB Loan 2014 the **"EIB Loans"**) as amended, extended, renewed or refinanced;

(c) the EUR 40,000,000 1.98 per cent. instalment notes due August 2024 (ISIN XS1656754873) as amended, extended, renewed or refinanced; and

(d) any other agreement(s) creating or evidencing indebtedness for borrowed money entered into (or in existence) on or after the date of Closing by the Company or any Subsidiary, or in respect of which the Company or any Subsidiary is an obligor or otherwise provides a guarantee or other credit support, in a principal amount outstanding or available for borrowing equal to or greater than EUR 20.000.000 (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency),

provided that the definition of "Primary Credit Facility" does not include the Neutalia Borsano Project Commitment.

"Pro Forma Consolidated Gross Debt" means, at any time:

(a) Consolidated Gross Debt at such time; plus

(b) the principal amount of the Notes.

"Process Agent" means Law Debenture Corporate Services Limited 8th Floor, 100 Bishopsgate, London EC2N 4AG, or any other entity satisfactory to the Required Holders.

"Project" means the ownership, acquisition (in each case, in whole or in part), development, restructuring, leasing, maintenance and/or operation of an asset or assets, and the equity participations in a company holding such asset or assets.

"Project Finance Indebtedness" means any future indebtedness assumed by a Person (the **"relevant debtor"**) to finance or refinance a Project, whereby:

(a) the claims of the creditors under such indebtedness (the "relevant creditors") against the relevant debtor are limited to:

(i) the amount of cash flow or net cash flow generated by and through the Project during the tenor of such indebtedness; and/or

(ii) the amount of proceeds deriving from the enforcement of any Lien given by the relevant debtor over the Project to secure such indebtedness, and

(b) the relevant creditors have no recourse whatsoever against any assets of any member of the Group other than the Project and such Lien.

"Property" or **"Properties"** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"PTE" is defined in Schedule 1.

"Purchaser" means the original purchaser of the Notes and such purchaser's successors and assigns (so long as any such assignment complies with Condition 9.2), provided however, that any Purchaser of a Note that ceases to be registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Condition 9.2 shall cease to be included within the meaning of "Purchaser" of such Note for the purposes of this Terms and Conditions upon such transfer.

"Qualified Institutional Buyer" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"Qualified Investor" means any entity or individual qualifying as a qualified investor as defined under Article 100, paragraph 3, letter a) of the Financial Services Act, as implemented by Article 35, paragraph 1(d) and Annex III to CONSOB Regulation No. 20307 of 15 February 2018, as amended ("*CONSOB Regulation No. 20307*") and Article 34-*ter*, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("*CONSOB Regulation No. 11971*").

"Qualified Intermediary" means an Italian resident bank or brokerage company (SIM), or a permanent establishment in Italy of a non-resident bank or SIM, acting as custodian, depositary or sub-depositary of the Notes (to the extent applicable) appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance for the purposes of the application of Decree 239 or non-Italian resident entities and companies, participating in a centralised management system of securities, and holding direct relations with the Ministry of Economy and Finance, including Euroclear and/or Clearstream (and similar clearing systems).

"QPAM Exemption" is defined in Schedule 1.

"Ratable Portion" means, with respect to any Note, an amount equal to the product of (x) the amount equal to the net proceeds being so applied to the prepayment of Indebtedness in accordance with Condition 5.10(a)(ii) multiplied by (y) a fraction the numerator of which is the outstanding principal amount of such Note and the denominator of which is the aggregate principal amount of Indebtedness of the Company and its Subsidiaries being prepaid pursuant to Condition 5.10(a)(ii).

"Registered Holder" is defined in Condition 9.1(a).

"Registered Holder Register" is defined in Condition 9.1(a).

"Registrar" means BNP Paribas, Luxembourg Branch, acting in its capacity as registrar under the Agency Agreement (or any other entity acting in such capacity which is reasonably satisfactory to the Required Holders), or any replacement of such Person by the Company pursuant to the terms of the Agency Agreement which replacement is reasonably satisfactory to the Required Holders.

"Rejection Notice" is defined in Condition 3.3(a).

"Relevant Concessions" means the Concession Agreement and any other concession agreement for the operation of the integrated water service held by the Group from time to time.

"Relevant Covenant" is defined in Condition 4.9.

"Relevant Period" means, with respect to any Determination Date, the period of twelve months ending on the last day of the Company's fiscal year ending on such Determination Date.

"Related Fund" means, with respect to any holder of any Note or any of its Affiliate, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"Required Holders" means the holders of more than 50 per cent. in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates), and if at any relevant time, there are no Notes outstanding, then PGIM shall constitute the Required Holders.

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of these Terms and Conditions.

"Restricted Payment" means (a) any dividend, charge, fee, remuneration or other distribution (or interest on any unpaid dividend, charge, fee, remuneration or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital) or its *strumenti finanziari partecipativi* or other types of quasi-equity securities issued (if any), (b) any repayment or distribution of any dividend or share premium reserve or any other type of remuneration, (c) any payment or payment by any member of the Group of any advisory or other fee to or to the order of any of the controlling shareholders of the Company, (d) any redemption, repurchase, defeasement, retirement or repayment of any of the Company's share capital or its *strumenti finanziari partecipativi* or other types of quasi-equity securities issued (if any) or resolution to do so, or (e) any payment on Indebtedness owing to the Company's stockholders, Affiliates, partners or members (or the equivalent Person thereof).

"Sanctioned Country" means any country or territory that is itself the subject of comprehensive sanctions (including Crimea, Cuba, Iran, North Korea, Syria, and those portions of the Donetsk People's Republic or Luhansk People's Republic regions (and such other regions) of Ukraine over which any sanctions authority imposes comprehensive sanctions), or any country or territory whose government is the subject of sanctions

(including Venezuela) or that is otherwise the subject of broad sanctions restrictions (including Afghanistan, Russia and Belarus). **"Sanctioned Person"** means (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the OFAC or is otherwise the subject or target of Sanctions Laws (a "Listed Person"), or (ii) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting for or on behalf of, directly or indirectly, any Listed Person.

"Sanctions Laws" means all economic, financial or trade sanctions or restrictive measures enacted, administered, imposed or enforced by the United States of America (including without limitation its government agencies such as OFAC, the US Department of State and the US Department of Commerce), the United Kingdom Government (including without limitation His Majesty's Treasury of the United Kingdom, the Foreign, Commonwealth & Development Office and the Department for Business, Energy & Industrial Strategy), the European Union (or any member state thereof), or the United Nations Security Council.

"Sanctions Prepayment Date" is defined in Condition 3.12(a).

"Sanctions Prepayment Offer" is defined in Condition 3.12(a).

"Sanctions Prepayment Response Date" is defined in Condition 3.12(a).

"SEC" means the Securities and Exchange Commission of the United States.

"Securities" or **"Security"** shall have the meaning specified in Section 2(a)(1) of the Securities Act.

"Securities Act" means the United States Securities Act of 1933 and the rules and regulations promulgated thereunder from time to time in effect.

"Senior Financial Officer" means the chief executive officer, chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Series" means Notes which have (i) the same final maturity, (ii) the same principal prepayment dates, (iii) the same principal prepayment amounts (as a percentage of the original principal amount of each Note), (iv) the same interest rate, (v) the same interest payment periods, (vi) the same currency specification, (vii) the same date of issuance (which, in the case of a Note issued in exchange for another Note, shall be deemed for these purposes the date on which such Note's ultimate predecessor Note was issued) and (viii) the same issuer.

"SPT" has the meaning given to it in Condition 3.13(d).

"SPT Interest Rate Adjustment" has the meaning given to it in Condition 3.13(d).

"SPT Interest Rate Adjustment Certificate" means a certificate substantially in the form set out in Exhibit SPTIRA (Form of SPT Interest Rate Adjustment Certificate) delivered to the holders of the Notes by the Company confirming the Sustainability Score for each KPI against the respective SPT for the SPT Testing Period which is signed by a Senior Financial Officer of the Company.

"SPT Reporting Period" means each financial year of the Group ending on or about 31 December, and commencing with the financial year ending 31 December 2024.

"SPT Testing Period" means SPT Reporting Period ending 31 December 2030.

"SPT 1" has the meaning given to it in Condition 3.13(d).

"SPT 2" has the meaning given to it in Condition 3.13(d).

"State Sanctions List" means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

"Subsidiary Guarantor" means any Subsidiary of the Company that is a party to a Subsidiary Guaranty.

"Subsidiary Guaranty" is defined in Condition 4.8.

"Subsidiary" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to

enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50 per cent. interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Sustainability Report" means a report prepared by the Company relating to the sustainability of the Group (including, but not limited to, the KPIs) in relation to each relevant Financial Year (including, if applicable, any Condition of the Group's annual report), and in relation to which assurance will be provided on KPI 1 and KPI 2 by a qualified external reviewer with relevant expertise.

"Sustainability Step Up Interest Rate" has the meaning given to it in Condition 3.13(a)(i).

"Sustainability Score" has the meaning given to it in Condition 3.13(d).

"SVO" means the Securities Valuation Office of the NAIC.

"TARGET Settlement Day" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system (or any successor thereto) is open for the settlement of payments in Euro.

"Tax" or **"Taxes"** means any direct or indirect tax, fee, stamp, tariff, charge, excise, duty, or other charge or withholding or deductions of a similar nature (including, for the avoidance of doubt, the *imposta sostitutiva* levied under Decree No. 239) as well as any penalty, interest, addition or additional amount thereon at any time imposed, assessed, collected or payable in connection with any failure to pay or any delay in paying any of the same.

"Tax Exemption Application Form for Non-Residents" means the form provided under Article 7 of Decree No. 239 and complying with the requirements set forth by Ministerial Decree of 12 December 2001, as amended and supplemented.

"Tax Prepayment Notice" is defined in Condition 3.3(a).

"Taxing Jurisdiction" means (i) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Company or a successor to the Company), (ii) a jurisdiction of incorporation of any relevant guarantor or any political subdivision or any authority thereof or therein having power to tax, or (iii) any jurisdiction from which payment on the Notes is made by or on behalf of the Company, or any political subdivision or governmental authority thereof or therein having the power to tax or (iv) any other jurisdiction in which the Company is organized or considered resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax.

"Terminal Value" means, as of any Determination Date with respect to any Relevant Concession the estimated value of any Terminal Value Payment, as determined by the Company with reference to such Determination Date (or in the case of the 30 June Determination Date, based on the estimated value of as of the immediately preceding 31 December), and set out in the relevant compliance certificate defined pursuant to Condition 4.14.2, less any penalties due by the Group to the relevant grantor of that Relevant Concession.

"Terminal Value Payment" means, in respect of any Relevant Concession, the value of any payment made or to be made to the Company (i) upon the termination, forfeiture, revocation, resolution or expiry (*decadenza, risoluzione, revoca, recesso o scadenza*) (both if at the stated maturity or anticipated) of such Relevant Concession under the terms of such Relevant Concession and the applicable ARERA regulation or as a result of the Company exercising its rights of withdrawal under the Relevant Concession; or (ii) in any other circumstance where the Company is substituted by another entity in managing the integrated water services and a payment of the Terminal Value is to be made by such other entity in accordance with the Relevant Concession and the applicable ARERA regulation; in each case under (i) and (ii) above, as calculated in accordance with article 18.6 of the Concession Agreement (as such provision may be amended, substituted or supplemented from time to time) or the relevant provisions of any other Relevant Concession, as well as the applicable ARERA regulation.

"Transaction Documents" means these Terms and Conditions, the Notes, each Subsidiary Guaranty, the Noteholder Voting Agreement, the Agency Agreement and all agreements and ancillary documents entered into in connection therewith.

"United States Person" has the meaning set forth in section 7701(a)(30) of the Code.

"USA PATRIOT Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

"U.S. Economic Sanctions Laws" means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

"Voting Certificate" means, with respect to any Note, an English-language certificate (together with a translation thereof into Italian language, if required by any applicable Italian law), issued by the holder of such Note, dated the date of issuance thereof and including the statements set forth in, and otherwise substantially in the form of, Schedule 2. The holder of any Voting Certificate shall for all purposes in connection with the relevant Noteholders' Meeting or adjournment thereof be deemed to be the holder of each Note to which such Voting Certificate relates.

"White List Country" means a country, state, territory or other jurisdiction included in the list of "States or territories" allowing an adequate exchange of information for tax purposes with Italy and listed in the Italian Ministerial Decree 4 September 1996, as subsequently amended and supplemented by the Italian Ministerial Decree dated 23 March 2017.

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

2. FORM, DENOMINATION AND TITLE

The Notes are in registered form, without interest coupons, as provided herein. Each Series is represented by a separate global note certificate (each, a "**Global Note Certificate**") which may be exchangeable for individual note certificates (each of the same Series, an "**Individual Note Certificate**", and together with the Global Note Certificates, the "**Note Certificates**").

3. PAYMENT, SUSTAINABILITY INTEREST RATE ADJUSTMENT AND PREPAYMENT OF THE NOTES

3.1. Interest; Required Prepayments; Maturity

(a) *Notes*. On 5 December of each year, commencing with 5 December 2024, the Company will prepay an aggregate of €7,500,000 in principal amount of the Notes (or such lesser principal amount as shall then be outstanding) at par and without payment of the Make-Whole Amount or any premium.

(b) *Maturity*. As provided therein, the entire unpaid principal balance of each Note shall be due and payable on the Maturity Date thereof.

(c) *Partial Prepayment Impact on Required Prepayments*. Upon any partial prepayment of the Notes of any Series pursuant to Condition 3.2, Condition 3.3, Condition 3.4, Condition 3.10, or Condition 3.12, or any partial repurchase of Notes pursuant to Condition 3.8, the principal amount of each required prepayment of such Notes of such Series becoming due under Condition 3.1(a) on and after the date of such prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Notes of such Series is reduced as a result of such prepayment, provided that, at the option of the Company (such option to be specified in the relevant notice given by the Company in connection with such

prepayment), any prepayment pursuant to Condition 3.2 may be applied in inverse order of maturity.

(d) *Interest.* The Notes will bear interest from and including the Issue Date at the rate of 5.10 per cent. per annum, subject to adjustment pursuant to Condition 3.13 (*Sustainability Interest Rate Adjustment*) where relevant, payable in arrear on 5 June and 5 December in each year, commencing on 5 June 2024.

3.2. Optional Prepayments with Make-Whole Amount

The Company may, at its option, upon notice as provided below, prepay all or any part of the Notes from time to time, in an amount not less than 5 per cent. of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100 per cent. of the principal amount so prepaid, together with any accrued interest and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Condition 3.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Condition 12, subject in each case to any notice requirements of the Clearing Systems. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Condition 3.5), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

3.3. Prepayment for Tax Reasons

a) If at any time as a result of a Change in Tax Law (as defined below) the Company is or becomes obligated to make any Additional Amounts (as provided or referred to in Condition 8) in respect of any payment of interest, premium and/or other income on account of any of the Notes in the aggregate amount for all affected Notes equal to 5 per cent. or more of the aggregate amount of such interest payment on account of all of the Notes, the Company may give the holders of all affected Notes irrevocable written notice (each, a "**Tax Prepayment Notice**") of the prepayment of such affected Notes on a specified prepayment date (which shall be a Business Day not less than 30 days nor more than 60 days after the date of such notice) and the circumstances giving rise to the obligation of the Company to make any Additional Amounts and the amount thereof and stating that all of the affected Notes shall be prepaid on the date of such prepayment at 100 per cent. of the principal amount so prepaid together with interest accrued thereon to the date of such prepayment, plus an amount equal to the Modified Make-Whole Amount for each such Note, except in the case of an affected Note if the holder of such Note shall, by written notice given to the Company no more than 20 days after receipt of the Tax Prepayment Notice, reject such prepayment of such Note (each, a "**Rejection Notice**"). Such Tax Prepayment Notice shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Modified Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. The form of Rejection Notice shall also accompany the Tax Prepayment Notice and shall state with respect to each Note covered thereby that execution and delivery thereof by the holder of such Note shall operate as a permanent waiver of such holder's right to receive the Additional Amounts arising as a result of the circumstances described in the Tax Prepayment Notice in respect of all future payments of interest on such Note (but not of such holder's right to receive any Additional Amounts that arise out of circumstances not described in the Tax Prepayment Notice or which exceed the amount of the Additional Amounts described in the Tax Prepayment Notice), which waiver shall be binding upon all subsequent transferees of such

Note. The Tax Prepayment Notice having been given as aforesaid to each holder of the affected Notes, the principal amount of such Notes together with interest accrued thereon to the date of such prepayment plus the Modified Make-Whole Amount for each such Note shall become due and payable on such prepayment date, except in the case of Notes the holders of which shall timely give a Rejection Notice as aforesaid. Two Business Days prior to such prepayment, the Company shall deliver to each holder of a Note being so prepaid a certificate of a Senior Financial Officer specifying the calculation of such Modified Make-Whole Amount as of such prepayment date.

b) No prepayment of the Notes pursuant to this Condition 3.3 shall affect the obligation of the Company to pay Additional Amounts in respect of any payment made on or prior to the date of such prepayment. For purposes of this Condition 3.3, any holder of more than one affected Note may act separately with respect to each affected Note so held (with the effect that a holder of more than one affected Note may accept such offer with respect to one or more affected Notes so held and reject such offer with respect to one or more other affected Notes so held).

c) The Company may not offer to prepay or prepay Notes pursuant to this Condition 3.3 (i) if a Default or Event of Default then exists, (ii) until the Company shall have taken commercially reasonable steps to mitigate the requirement to make the related Additional Amounts or (iii) if the obligation to make such Additional Amounts directly results or resulted from actions taken by the Company or any Subsidiary (other than actions required to be taken under applicable law), and any Tax Prepayment Notice given pursuant to this Condition 3.3 shall certify to the foregoing and describe such mitigation steps, if any.

d) For purposes of this Condition 3.3: "**Additional Payments**" means additional amounts required to be paid to a holder of any Note pursuant to Condition 8 by reason of a Change in Tax Law; and a "**Change in Tax Law**" means (individually or collectively with one or more prior changes) (i) an amendment to, or change in, any law, treaty, rule, regulation or official guidance of Italy, or rulings promulgated therein after the date of the Closing, or an amendment to, or change in, an official interpretation, administration or application of such law, treaty, rule, regulation, official guidance or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published practice) after the date of the Closing, which amendment or change is in force and continuing and meets the opinion and certification requirements described below or (ii) in the case of any other jurisdiction that becomes a Taxing Jurisdiction after the date of the Closing, an amendment to, or change in, any law, treaty, rule or regulation of such jurisdiction, or an amendment to, or change in, an official interpretation or application of such law, treaty, rule, regulation, official guidance or rulings promulgated therein (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published practice), in any case after such jurisdiction shall have become a Taxing Jurisdiction, which amendment or change is in force and continuing and meets such opinion and certification requirements. No such amendment or change shall constitute a Change in Tax Law unless the same would in the opinion of the Company (which shall be evidenced by an Officer's Certificate of the Company and supported by a written opinion of counsel having recognized expertise in the field of taxation in the relevant Taxing Jurisdiction, both of which shall be delivered to all holders of the Notes prior to or concurrently with the Tax Prepayment Notice in respect of such Change in Tax Law) affect the deduction or require the withholding of any Tax imposed by such Taxing Jurisdiction on any payment payable on the Notes.

3.4. Change of Control

a) *Notice of Change of Control*. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change of Control, give written notice of such Change of Control to each holder of Notes. If a Change of Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (b) of this Condition 3.4 and shall be accompanied by the certificate described in subparagraph (e) of this Condition 3.4.

b) *Offer to Prepay Notes*. The offer to prepay Notes contemplated by subparagraph (a) of this Condition 3.4 shall be an offer to prepay, in accordance with and subject to this Condition 3.4, all, but not less than all, of the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "P**roposed Change of Control Prepayment Date**"), which date shall be not less than 30 days and not more than 60 days after the date of such offer.

c) *Acceptance/Rejection*. A holder of Notes may accept the offer to prepay made pursuant to this Condition 3.4 by causing a notice of such acceptance to be delivered to the Company on or before the date specified in the certificate described in paragraph (e) of this Condition 3.4. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Condition 3.4, or to accept an offer as to all the Notes held by the holder, within such time period shall be deemed to constitute rejection of such offer by such holder.

d) *Prepayment*. Prepayment of the Notes to be prepaid pursuant to this Condition 3.4 shall be at 101 per cent. of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment.

e) *Officer's Certificate*. Each offer to prepay the Notes pursuant to this Condition 3.4 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Change of Control Prepayment Date; (ii) that such offer is made pursuant to this Condition 3.4; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Change of Control Prepayment Date; (v) that the conditions of this Condition 3.4 have been fulfilled; (vi) in reasonable detail, the nature and date of the Change of Control; and (vii) the last date by which any holder of a Note that wishes to accept such offer must have delivered notice thereof to the Company, which date shall not be earlier than three Business Days prior to the Proposed Change of Control Prepayment Date.

3.5. Concession Event Mandatory Prepayment

(a) *Notice of Concession Event*. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of a Concession Event, give written notice of such Concession Event to each holder all Notes. Such notice shall contain a notice of prepayment of the Notes as described in subparagraph (b) of this Condition 3.5 and shall be accompanied by the certificate described in subparagraph (d) of this Condition 3.5.

(b) *Mandatory Prepayment Notes*. The notice of prepayment of the Notes contemplated by subparagraph (a) of this Condition 3.5 shall be a notice of prepayment in accordance with and subject to this Condition 3.5, of all, and not less than all, of the Notes held by each holder on a date specified in such notice (the "Proposed Concession Event Prepayment Date"), which date shall be not less than 30 days and not more than 60 days after the date of such offer.

(c) *Prepayment*. Prepayment of the Notes to be prepaid pursuant to this Condition 3.5 shall be at 100 per cent. of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment and the Make-Whole Amount in respect of such Notes and on the date of prepayment.

(d) *Officer's Certificate*. The notice to prepay the Notes pursuant to this Condition 3.5 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such notice, specifying: (i) the Proposed Concession Event Prepayment Date; (ii) that such offer is made pursuant to this Condition 3.5; (iii) the principal amount of each Note to be prepaid; (iv) the interest that would be due on each Note to be prepaid, accrued to the Proposed Concession Event Prepayment Date (assuming for this purpose that the date of prepayment of the Notes is the date of such notice); (v) the Make-Whole Amount that would be due on each Note to be prepaid; (vi) that the conditions of this Condition 3.5

have been fulfilled; and (vii) in reasonable detail, the nature and date of the Concession Event.

(e) Two business days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculations of the Make-Whole Amount for each Note as of the specified Proposed Concession Event Prepayment Date.

3.6. Allocation of Partial Prepayments

In the case of each partial prepayment of the Notes pursuant to Condition 3.1 or Condition 3.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes (without regard to Series) at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. All prepayments pursuant to Conditions 3.3, 3.4, 3.7, 3.9 or 3.11 shall be applied as therein provided. For so long as the Notes are represented by one or more Global Note Certificates, in the case of partial repayment or prepayment of the Notes pursuant to Condition 3.1 or Condition 3.2, the rights of accountholders with a relevant Clearing System in respect of the Notes will be governed by the standard procedures of the relevant Clearing System and shall be reflected in the records of the relevant Clearing System as a reduction in principal amount.

3.7. Maturity; Surrender, Etc.

In the case of each prepayment of Notes pursuant to Condition 3, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount or Modified Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest plus the Make-Whole Amount or Modified Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

3.8. Purchase of Notes

The Company will not and will not permit any Affiliate which it controls to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with these Terms and Conditions and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions (except to the extent necessary to reflect differences in interest rates, maturity, and currencies of different Series of Notes). Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer and shall remain open for at least 10 Business Days. If the holders of more than 50 per cent. of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 5 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to these Terms and Conditions and no Notes may be issued in substitution or exchange for any such Notes.

3.9. Make-Whole Amount and Modified Make-Whole Amount

a) The terms "**Make-Whole Amount**" and "**Modified Make-Whole Amount**" mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that neither the Make-Whole Amount nor the Modified Make-Whole Amount may in any event be less than zero. For the purposes of determining the Make-Whole Amount and/or the Modified Make-Whole Amount with respect to any Note, the following terms have the following meanings:

"**Applicable Percentage**" in the case of a computation of the Modified Make-Whole Amount for purposes of Condition 3.3 means 1.00 per cent. (100 basis points), and in the case of a computation of the Make-Whole Amount for any other purpose means 0.50 per cent. (50 basis points).

"**Called Principal**" means the principal of such Note that is to be prepaid pursuant to Condition 3.2 or Condition 3.3 or has become or is declared to be immediately due and payable pursuant to Condition 7.1, as the context requires.

"**Discounted Value**" means, with respect to the Called Principal of such Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"**Recognized German Bund Market Makers**" means two internationally recognized dealers of German Bunds reasonably agreed by holders of at least 51 per cent. of the Notes denominated in Euros and the Company.

"**Reinvestment Yield**" means,

(i) with respect to the Called Principal of a Note denominated in Euros, the sum of (x) the Applicable Percentage plus (y) the yield to maturity implied by (i) the ask-side yields reported, as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PXGE" on Bloomberg Financial Markets (or such other display as may replace "Page PXGE" on Bloomberg Financial Markets) for the benchmark German Bund having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the average of the ask-side yields as determined by Recognized German Bund Market Makers. Such implied yield will be determined, if necessary, by (a) converting quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the benchmark German Bund with the maturity closest to and greater than the Remaining Average Life of such Called Principal and (2) the benchmark German Bund with the maturity closest to and less than the Remaining Average Life of such Called Principal. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note; and

(ii) with respect to the Called Principal of a Note denominated in Dollars, the sum of (x) the Applicable Percentage plus (y) the yield to maturity implied by the "Ask Yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities ("**Reported**") having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the "Ask Yields" Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury

securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

(iii) If the yields referred to above in clause (ii) are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "**Reinvestment Yield**" means, with respect to the Called Principal of any Note denominated in Dollars, the sum of (x) the Applicable Percentage plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of such Note.

"**Remaining Average Life**" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360 day year comprised of twelve 30 day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"**Remaining Scheduled Payments**" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which an interest payment is due to be made under the terms of such Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Condition 3.2, Condition 3.3 or Condition 7.1 "Remaining Scheduled Payments" shall be computed without including any amounts that may be payable in respect of Sustainability Step Up Interest Rate, irrespective of whether an SPT Interest Rate Adjustment may have occurred.

"**Settlement Date**" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Condition 3.2 or Condition 3.3 or has become or is declared to be immediately due and payable pursuant to Condition 7.1, as the context requires.

3.10. Prepayment in Connection with Asset Sales

If the Company is required, in accordance with Condition 5.10, to offer to prepay the Notes using the proceeds of a Disposition of the assets of the Company and its Subsidiaries, the Company will give written notice thereof to each holder of a Note, which notice shall describe such sale in reasonable detail and (a) refer specifically to this Condition 3.10, (b) specify the pro rata portion of each Note being so offered to be so prepaid, (c) specify a date not less than 30 days and not more than 60 days after the date of such notice

(the "**Asset Sale Prepayment Date**") and specify the Asset Sale Response Date (as defined below) and (d) offer to prepay on the Asset Sale Prepayment Date such pro rata portion of each Note, together with interest accrued thereon to the Asset Sale Prepayment Date, but without payment of any Make-Whole Amount, Modified Make-Whole Amount or other premium. Each holder of a Note shall notify the Company of such holder's acceptance or rejection of such offer by giving written notice thereof to the Company on a date falling at least 10 Business Days prior to the Asset Sale Prepayment Date (such date, the "**Asset Sale Response Date**"), and the Company shall prepay on the Asset Sale Prepayment Date such pro rata portion of each Note held by the holders who have accepted such offer in accordance with this Condition 3.10 at a price in respect of each Note held by such holder equal to 100 per cent. of the principal amount of such pro rata portion, together with interest accrued thereon to the Asset Sale Prepayment Date, but without any Make-Whole Amount, Modified Make-Whole Amount or other premium; provided, however, that the failure by a holder of any Note to respond to such offer in writing on or before the Asset Sale Response Date shall be deemed to be a rejection of such offer.

3.11. Payments Due on Non-Business Days

Anything in these Terms and Conditions or the Notes to the contrary notwithstanding, any payment of interest, principal of or Make-Whole Amount or Modified Make-Whole Amount on any Note (including principal due on the Maturity Date of such Note) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

3.12. Prepayment in Connection with a Noteholder Sanctions Event

(a) Upon the Company's receipt of notice from any Affected Noteholder that a Noteholder Sanctions Event has occurred (which notice shall refer specifically to this Condition 3.12 and describe in reasonable detail such Noteholder Sanctions Event), the Company shall promptly, and in any event within 10 Business Days, make an offer (the "**Sanctions Prepayment Offer**") to prepay the entire unpaid principal amount of Notes held by such Affected Noteholder (the "**Affected Notes**"), together with interest thereon to the prepayment date selected by the Company with respect to each Affected Note but without payment of any Make-Whole Amount or Modified Make-Whole Amount or other premium with respect thereto, which prepayment shall be on a Business Day not less than 30 days and not more than 60 days after the date of the Sanctions Prepayment Offer (the "**Sanctions Prepayment Date**"). Such Sanctions Prepayment Offer shall provide that such Affected Noteholder notify the Company in writing by a stated date (the "**Sanctions Prepayment Response Date**"), which date is not later than 10 Business Days prior to the stated Sanctions Prepayment Date, of its acceptance or rejection of such prepayment offer. If such Affected Noteholder does not notify the Company as provided above, then the holder shall be deemed to have accepted such offer.

(b) Subject to the provisions of subparagraphs (c) and (d) of this Condition 3.12, the Company shall prepay on the Sanctions Prepayment Date the entire unpaid principal amount of the Affected Notes held by such Affected Noteholder who has accepted (or has been deemed to have accepted) such prepayment offer (in accordance with subparagraph (a)), together with interest thereon to the Sanctions Prepayment Date with respect to each such Affected Note, but without payment of any Make-Whole Amount or Modified Make-Whole Amount or other premium with respect thereto.

(c) If a Noteholder Sanctions Event has occurred but the Company and/or its Controlled Entities have taken such action(s) in relation to their activities so as to remedy such Noteholder Sanctions Event (with the effect that a Noteholder Sanctions Event no longer exists, as reasonably determined by such Affected Noteholder) prior to the Sanctions Prepayment Date, then the Company shall no longer be obliged or permitted to prepay such Affected Notes in relation to such Noteholder Sanctions Event. If the Company and/or its Controlled Entities shall undertake any actions to remedy any such Noteholder Sanctions Event, the Company shall keep the holders reasonably and timely informed of such actions and the results thereof.

(d) If any Affected Noteholder that has given written notice to the Company of its acceptance of (or has been deemed to have accepted) the Company's prepayment offer in accordance with subparagraph (a) also gives notice to the Company prior to the relevant Sanctions Prepayment Date that it has determined (in its sole discretion) that it requires clearance from any Governmental Authority in order to receive a prepayment pursuant to this Condition 3.12, the principal amount of each Note held by such Affected Noteholder, together with interest accrued thereon to the date of prepayment, shall become due and payable on the later to occur of (but in no event later than the Maturity Date of the relevant Note) (i) such Sanctions Prepayment Date and (ii) the date that is 10 Business Days after such Affected Noteholder gives notice to the Company that it is entitled to receive a prepayment pursuant to this Condition 3.12 (which may include payment to an escrow account designated by such Affected Noteholder to be held in escrow for the benefit of such Affected Noteholder until such Affected Noteholder obtains such clearance from such Governmental Authority), and in any event, any such delay in accordance with the foregoing clause (ii) shall not be deemed to give rise to any Default or Event of Default.

(e) Promptly, and in any event within 5 Business Days, after the Company's receipt of notice from any Affected Noteholder that a Noteholder Sanctions Event shall have occurred with respect to such Affected Noteholder, the Company shall forward a copy of such notice to each other holder of Notes.

(f) The Company shall promptly, and in any event within 10 Business Days, give written notice to the holders after the Company or any Controlled Entity having been notified that (i) its name appears or may in the future appear on a State Sanctions List or (ii) it is in violation of, or is subject to the imposition of sanctions under, any Sanctions Laws, in each case which notice shall describe the facts and circumstances thereof and set forth the action, if any, that the Company or a Controlled Entity proposes to take with respect thereto.

(g) The foregoing provisions of this Condition 3.12 shall be in addition to any rights or remedies available to any holder of Notes that may arise under these Terms and Conditions as a result of the occurrence of a Noteholder Sanctions Event; provided, that, if the Notes shall have been declared due and payable pursuant to Condition 7.1 as a result of the events, conditions or actions of the Company or its Controlled Entities that gave rise to a Noteholder Sanctions Event, the remedies set forth in Condition 7 shall control.

3.13. Sustainability Interest Rate Adjustments

(a) Interest Rate

(i) If the relevant SPT Interest Rate Adjustment Certificate in respect of any SPT Testing Period shows that:

(A) the Sustainability Score has been achieved for one but not both KPIs in respect of the SPT Reporting Period; or

(B) the Sustainability Score for neither KPI has been achieved in respect of the SPT Reporting Period; or

(C) if the SPT Interest Rate Adjustment Certificate and/or the Sustainability Report is not delivered by the Company for the Sustainability Testing Period by the latest date (such date the "**SR Deadline**") specified for delivery of that SPT Interest Rate Adjustment Certificate and/or Sustainability Report for that Financial Year in Condition 4.14.1(k) (unless, in respect of a failure to deliver a SPT Interest Rate Adjustment Certificate by the latest date specified for delivery in Condition 4.14.1(k), the Required Holders have notified the Company that the relevant Series has been declassified as sustainability linked in accordance with Condition 3.13(c)(i)),

(D) each outstanding Note of any relevant Series shall accrue interest for the relevant period(s) determined in accordance with Condition 3.13(a)(ii) below at a rate which is (x) in the case of (A) above, 0.025 per cent. per annum higher or (y) in the case of (B) or (C) above, 0.050 per cent. per annum higher (such

stepped up rate of interest, the "**Sustainability Step Up Interest Rate**") than the interest rate per annum which would otherwise apply to that Note (the "**Original Contractual Coupon**") (any interest rate adjustment to a Sustainability Step Up Interest Rate pursuant to the operation of this Condition 3.13 being a "**SPT Interest Rate Adjustment**").

(ii) If any SPT Interest Rate Adjustment applies in respect of any Series of Notes as described in Condition 3.13(a)(i) above, interest at the Sustainability Step Up Interest Rate shall accrue from (and including) the first day of the Financial Year commencing immediately following the end of the SPT Testing Period to (but excluding) the maturity (or earlier repayment) of such Notes, unless such Sustainability Step Up Interest Rate has been disapplied in accordance with Condition 3.13(b) or Condition 3.13(c).

(iii) If, within 60 days following receipt by the holders of the Notes of the SPT Interest Rate Adjustment Certificate, the Company or any of the holders of the Notes identifies any manifest inaccuracy, inconsistency or error in that SPT Interest Rate Adjustment Certificate, which would result in a Sustainability Score for a KPI different to that which was expressed in the relevant SPT Interest Rate Adjustment Certificate and such Sustainability Score would lead to a SPT Interest Rate Adjustment being applicable or no longer being applicable:

(A) within 5 Business Days of the identification of the manifest inaccuracy, inconsistency or error, the Company will issue a revised SPT Interest Rate Adjustment Certificate with the inaccuracy, inconsistency or error corrected;

(B) if the revised SPT Interest Rate Adjustment Certificate shows that the rate of interest for any particular period(s) should have been higher during such period than has been calculated, then the Company shall within 5 Business Days pay to the holders of the Notes the amount necessary to put such holders of the Notes in the position they would have been in had the appropriate rate of interest for the particular period(s) applied during such period(s);

(C) if the revised SPT Interest Rate Adjustment Certificate shows that the rate of interest for any particular period(s) should have been lower during such period(s) than has been calculated, then the next payment of interest falling due to the holders of the Notes shall be reduced to the extent necessary to put the Company in the position it would have been in had the appropriate rate of interest for such period(s) applied during such period(s) (but in no event shall any payment be reduced below the amount that would be due based on the Original Contractual Coupon), provided that payments due to holders of the Notes will only be reduced to the extent that they were (I) holders of the Notes during the period(s) when a lower rate of interest should have applied and (II) such holders of the Notes remain holders of the Notes at the time of the next interest payment date with respect to such Note; and

(D) any interest payable on any Note of any Series at the Sustainability Step Up Interest Rate shall be computed on the basis set out in such Note with respect to the computation of interest and payable to the holder of such Note on each interest payment date with respect to such Note.

(iv) In relation to this Condition 3.13(a):

(A) failure to achieve one or more KPIs or to deliver a SPT Interest Rate Adjustment Certificate or a Sustainability Report shall not result in a Default or an Event of Default;

(B) a SPT Interest Rate Adjustment Certificate or Sustainability Report which is or proves to have been incorrect or inaccurate in any material respect shall not constitute a misrepresentation under Condition 6(e);

(C) the Company shall provide with the SPT Interest Rate Adjustment Certificate reasonable assurance by a qualified third party reviewer with relevant expertise in relation to the calculations set out therein; and

(D) only one SPT Interest Rate Adjustment may apply at any time.

(b) SPT Reset

(i) If the Company determines that:

(A) changes in the calculation methodology or improvements in the accuracy of emission factors or activity data may result in a significant (+/- 5 per cent. On the base year) impact on the base year emissions data;

(B) significant errors, or several cumulative errors, that are collectively significant are discovered;

(C) structural changes in the reporting organization and evolutions of the Company's perimeter may have a significant impact on the KPIs, SPTs or baseline, including in respect of (i) mergers, acquisitions and divestments or (ii) outsourcing and insourcing of emitting activities;

(D) explicit recommendations to restate, including but not limited to restating key performance indicators, sustainability performance targets or baselines, are issued by the Science Based Target initiative;

(E) there has been or will be an amendment to, or change in, any applicable laws, regulations, rules, guidelines and policies;

(F) a force majeure event has occurred; or

(G) a SPT, a Sustainability Score or a KPI is no longer available, cannot be calculated, or is no longer appropriate with respect to the Group (including but not limited to, as a result of an acquisition, disposal or entry into a joint venture),

then the Company may, in good faith and without any agreement with the Purchaser, review, update and/or amend:

(A) relevant new SPTs to replace the existing SPTs;

(B) relevant new Sustainability Scores to replace the existing Sustainability Scores;

(C) relevant new KPIs to replace the existing KPIs; and/or

(D) the appropriate amendments to the existing SPTs and/or Sustainability Scores and/or KPIs to replace and/or reset such SPT and/or such Sustainability Score and/or such KPIs (as applicable),

and such amendments will take effect for the purposes of these Terms and Conditions for the SPT Testing Period.

(ii) If, on the SR Deadline, the SPT Interest Rate Adjustment Certificate and/or the Sustainability Report is not delivered by the Company because the SPTs cannot be calculated or observed in a satisfactory manner, the SPTs should be deemed not achieved.

(c) Declassification

(i) The Required Holders may, upon the occurrence of a Declassification Event which is continuing, notify the Company that the relevant Series has been declassified.

(ii) If the Required Holders declassify any Series as sustainability linked in accordance with Condition 3.13(c)(i) above, from the date of such notification:

(A) each such Series shall cease to be a sustainability linked financing, no SPT Interest Rate Adjustment shall apply and the Original Contractual Coupon

shall apply without any adjustment in accordance with the terms of this Condition 3.13 from and including the date of such notification; and

(B) the Company will not publish any materials or statements internally or externally (including on any website of any member of the Group, in the financial statements or annual report, in any press release or public announcement or otherwise) which relate to these Terms and Conditions (or any Notes issued under it) as being sustainability linked,

(C) until the Required Holders confirm to the Company that the relevant Series has been re-classified as a sustainability linked financing.

(d) Definitions

In this Condition 3.13:

"**Declassification Event**" means the SPT Interest Rate Adjustment Certificate is not delivered for the SPT Test Period by the latest date specified for delivery of the SPT Interest Rate Adjustment Certificate for that period in Section 4.14.1(k);

"**KPI**" means:

(a) KPI 1; or

(b) KPI 2;

"**KPI 1**" means, in respect of the SPT Testing Period, the aggregate amount of direct Scope 1 GHG emissions from fossil fuels consumption for internal use and the Group's operations (Group vehicles and building heating), fluorinated gases leakage, and emissions from wastewater treatment, and indirect Scope 2 GHG emissions from purchased electricity consumed by the Group for plants and offices activities during the Sustainability Testing Period, as reported in the Sustainability Report for the SPT Testing Period, expressed in tCO_2eq.

"**KPI 2**" means, in respect of the Sustainability Testing Period, the aggregate amount of Scope 3 GHG emissions stemming from:

(i) *Purchased goods and services*: emissions from the production of chemical products, electrical material and services outsourced by the Group to external suppliers, *e.g.*, maintenance services;
(ii) *Capital goods*: emissions from the production of hydraulic, electrical and all other materials outsourced by the Group to external suppliers;
(iii) *Fuel and energy related activities*: well-to-tank emissions for fossil fuels and electricity directly consumed by the Group plus electricity losses during the transportation and distribution phase;
(iv) *Upstream transportation and distribution*: emissions from transportation services purchased by the Group;
(v) *Waste generated in operations*: waste treatment services managed by external operators of the Group for all wastes generated in operations, in particular sewage sludge;
(vi) *Employee commuting*: emissions generated during the home-work trips of each employee of the Group; and
(vii) *Use of sold products*: combustion of biogas sold to the Group's end customers

In each case in respect of the SPT Testing Period, as reported in the Sustainability Report for the SPT Testing Period, expressed in tCO_2eq.

"**SPT**" means a sustainability performance target being:

(a) SPT 1; or

(b) SPT 2;

"**SPT 1**" means, with respect to the SPT Testing Period and in relation to KPI 1, the Group has aggregate KPI 1 emissions of less than 70,086.214 tCO_2eq for that period;

"**SPT 2**" means, with respect to any SPT Testing Period and in relation to KPI 2, the Group has aggregate KPI 2 emissions of less than 40,849.1475 tCO_2eq for that period; and

"**Sustainability Score**" means, in relation to an SPT, the performance by the Group under that SPT for the relevant SPT Testing Period, as included in the SPT Interest Rate Adjustment Certificate.

4. AFFIRMATIVE COVENANTS

The Company covenants that during the Issuance Period and so long as any of the Notes are outstanding:

4.1. Compliance with Laws

Without limiting Condition 5.4, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject (including ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations), and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.2. Insurance

The Company will, and will cause each of its Subsidiaries to, maintain (whether directly or through coverage obtained under umbrella policies taken out by other members of the Group), with institutions it reasonably believes to be financially sound and reputable (to the extent not self-insured), insurance to the extent commercially available with respect to their respective properties and businesses (other than in relation to immaterial properties or businesses) against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated, in each case to the extent necessary to ensure that any failure to maintain or obtain such insurance could not, individually or in aggregate, reasonably be expected to have a Material Adverse Effect.

4.3. Maintenance of Properties

The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Condition 4.3 shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4. Payment of Taxes and Claims

The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets,

income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, provided that neither the Company nor any Subsidiary need file a tax return or pay any such tax, assessment, charge, levy or claim if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or such Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the non-filing of all such tax returns and the nonpayment of all such taxes, assessments, charges, levies and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.5. Corporate Existence, Etc.

Subject to Condition 5.2, the Company will at all times preserve and keep its corporate existence in full force and effect. Subject to Condition 5.2 and 5.9, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and of its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

4.6. Books and Records

The Company will, and will cause each of its Subsidiaries to, maintain in all material respects proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each Subsidiary to, keep books, records and accounts which, in reasonable detail, accurately reflect in all material respects all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect in all material respects all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

4.7. Priority of Obligations

The Company will ensure that its payment obligations under these Terms and Conditions and the Notes, and the payment obligations of each Subsidiary Guarantor under its Subsidiary Guaranty, will at all times rank at least *pari passu*, without preference or priority, with all other unsecured and unsubordinated Indebtedness of the Company and such Subsidiary Guarantor, as applicable, except for those obligations which are mandatorily preferred by law applicable to companies generally.

4.8. Subsidiary Guarantors

(a) At any time after the Closing Day, at the option of the Company, any Subsidiary may grant a Subsidiary Guaranty in accordance with Condition 4.8(b). In addition, the Company will cause each of its Subsidiaries that is or otherwise becomes obligated as borrower, co-borrower, guarantor or otherwise with respect to any Indebtedness outstanding under or pursuant to any Primary Credit Facility to concurrently with each of such Subsidiaries becoming liable under any Primary Credit Facility, enter into a Subsidiary Guaranty or a joinder thereto.

(b) In connection with a Subsidiary granting a Subsidiary Guaranty, the Company shall cause such Subsidiary to deliver duly executed copies of the following documents to each holder of Notes:

(i) a Subsidiary Guaranty or a joinder thereto;

(ii) an opinion or opinions issued by one or more counsels in all applicable jurisdictions to the combined effect that such Subsidiary Guaranty or joinder thereto, as applicable, of such Subsidiary has been duly authorized and executed by such Subsidiary and that such Subsidiary Guaranty constitutes a legal, valid and binding obligation enforceable against such Subsidiary in accordance with its terms, all as subject to any exceptions and assumptions of the type set forth in the opinions and/or as are reasonable under the circumstances;

(iii) a certificate of the Secretary or a Director (or other appropriate officer or person) of such Subsidiary as to due authorization, charter documents, board resolutions and the incumbency of officers and confirming that (A) the representations and warranties of such Subsidiary contained in such Subsidiary Guaranty are true and correct, and (B) the guarantee provided under such Subsidiary Guaranty would not cause any borrowing, guaranteeing or similar limit binding on such Subsidiary to be exceeded; and

(iv) a certificate of a Responsible Officer of the Company certifying that at such time and immediately after giving effect to such Subsidiary Guaranty no Default or Event of Default shall have occurred and be continuing.

(c) Any Subsidiary that has delivered a Subsidiary Guaranty that (x) subsequently has ceased to be a Subsidiary or which is the subject of a binding agreement under which it is to cease to be a Subsidiary, (y) which the Company may designate for release as a Subsidiary Guarantor, or (z) is no longer a guarantor, borrower, co-borrower, or obligor for or in respect of any Indebtedness outstanding under a Primary Credit Facility, shall be discharged from all of its obligations and liabilities under its Subsidiary Guaranty (without the need for the execution or delivery of any document by any holder of a Note or any other Person, other than the notice and certification described in this Condition 4.8(c)) upon notice by the Company to each holder of a Note, in each case provided that (i) after giving effect to such release no Default or Event of Default shall have occurred and be continuing, (ii) no amount is then due and payable under the Subsidiary Guaranty of such Subsidiary Guarantor, (iii) such Subsidiary Guarantor is not at the time a guarantor, borrower, co-borrower, or obligor for or in respect of any Indebtedness outstanding under a Primary Credit Facility, (iv) such notice shall be accompanied by a certificate of a Senior Financial Officer to the foregoing effect, and (v) if any fee or other compensation is given by or on behalf of the Company or such Subsidiary Guarantor expressly for the purpose of the release of such Subsidiary Guarantor as a guarantor, borrower, co-borrower, or obligor for or in respect of any Indebtedness outstanding under a Primary Credit Facility contemporaneous with the release of such Subsidiary Guarantor from its Subsidiary Guaranty, the Company shall have paid equivalent consideration (pro rata to Indebtedness outstanding under such Primary Credit Facility and the Notes, respectively) to each holder of a Note. In the event of any such release, for purposes of Condition 5.11, all Indebtedness of such Subsidiary shall be deemed to have been incurred concurrently with such release.

4.9. Most Favored Lender Status

(a) If as of, or at any time after, the date of these Terms and Conditions any Primary Credit Facility contains a Relevant Covenant that is not contained in these Terms and Conditions or a Relevant Covenant that is contained in agreement which would in any respect be more beneficial to the holders of Notes than the Relevant Covenants set forth in these Terms and Conditions (any such provision, a "**More Favorable Covenant**"), then the Company shall provide a Most Favored Lender Notice in respect of such More Favorable Covenant. Thereupon, unless waived in writing by the required holders within 15 days after each

holder's receipt of such notice, such More Favorable Covenant shall be deemed automatically incorporated into these Terms and Conditions, *mutatis mutandis*, as if set forth in full herein, effective as of the date when such More Favorable Covenant shall have become effective under such Primary Credit Facility. Thereafter, upon the request of any holder of a Note, the Company shall (at its sole cost and expense) enter into any additional agreement or amendment to these Terms and Conditions requested by such holder evidencing any of the foregoing.

(b) Any More Favorable Covenant incorporated into these Terms and Conditions (herein referred to as an "**Incorporated Covenant**") (i) shall be deemed automatically amended or waived herein to reflect any subsequent amendments made or waivers granted to such Incorporated Covenant under all applicable Primary Credit Facilities which make such Incorporated Covenant less restrictive on the Company and (ii) shall be deemed automatically deleted from these Terms and Conditions at such time as such Incorporated Covenant is deleted or otherwise removed from all such Primary Credit Facilities or all such Primary Credit Facilities shall be terminated, *provided, however,* that (A) notwithstanding the foregoing, such Incorporated Covenant shall continue to apply and be deemed to be set forth in these Terms and Conditions until the applicable Additional Covenant Effective Date in respect thereof, and if a Default or Event of Default then exists (including, without limitation, as a result of a breach of any Incorporated Covenant), such Incorporated Covenant shall not be deemed to be amended or deleted or waived from these Terms and Conditions at any time such Default or Event of Default is continuing, and (B) if any lender under a Primary Credit Facility receives any remuneration as consideration for the amendment or modification or removal or waiver of such Incorporated Covenant then such remuneration shall be concurrently paid, on the same equivalent terms, ratably to each holder of the Notes then outstanding.

(c) Upon the effectiveness of any amendment amending any Incorporated Covenant upon the request of the Company or any holder of Notes, the holders of Notes (if applicable) and the Company shall (at the Company's sole cost and expense) enter into any additional agreement or amendment to these Terms and Conditions reasonably requested by the Company or a holder of Notes, as the case may be, evidencing the amendment of any such Incorporated Covenant. Upon the effectiveness of any deletion or removal of an Incorporated Covenant, upon the request of the Company, the holders of Notes shall (at the Company's sole cost and expense) enter into any additional agreement or amendment to these Terms and Conditions requested by the Company evidencing the deletion and termination of any such Incorporated Covenant.

(d) For the avoidance of doubt, each of the Relevant Covenants in these Terms and Conditions as of the date of these Terms and Conditions shall remain in these Terms and Conditions regardless of whether any More Favorable Covenants are incorporated into these Terms and Conditions or subsequently amended or deleted.

(e) For purposes hereof:

(i) "**Additional Covenant Effective Date**" means, in respect of any Incorporated Covenant, the day on which the holders of Notes receive a Compliance Certificate in connection with the Company's annual consolidated financial statements covering the next subsequent financial period of the Company following the financial period in which such Incorporated Covenant was removed, terminated, amended or modified, as applicable, under the relevant Primary Credit Facilities or the relevant Primary Credit Facilities were terminated;

(ii) "**Most Favored Lender Notice**" means, in respect of any More Favorable Covenant, a written notice to each of the holders of the Notes delivered promptly, and in any event within five Business Days after the inclusion of such More Favorable Covenant in any Primary Credit Facility (including by way of amendment or other modification of any existing provision thereof) from a Senior Financial Officer of the Company referring to the provisions and setting forth a reasonably detailed description of such More Favorable Covenant (including any defined terms used therein) and related explanatory calculations, as applicable; and

(iii) "**Relevant Covenant**" means any financial covenant (whether set forth as a covenant, undertaking, event of default, restriction, prepayment event or other such provision) that requires the Company to achieve or maintain a stated level of financial condition or performance and includes, without limitation, any requirements that the Company: (i) maintain a specified level of net worth, shareholders' equity, total assets, cash flow or net income; (ii) maintain any relationship of any component of its capital structure to any other component thereof (including without limitation, the relationship of indebtedness, senior indebtedness or subordinated indebtedness to total capitalization or to net worth); (iii) maintain any measure of its ability to service its indebtedness (including, without limitation, exceeding any specified ratio of revenues, cash flow or net income to indebtedness, interest expense, rental expense, capital expenditures and/or scheduled payments of indebtedness); or (iv) not exceed any maximum level of indebtedness and priority indebtedness.

4.10. Article 129 of the Italian Legislative Decree 385/1993

The Company shall comply with Article 129 of the Italian Legislative Decree No. 385 of 1 September 1993, as from time to time amended (the "**Banking Act**"), and the implementing guidelines of the Bank of Italy, with regard to, *inter alia*, the reporting obligations required.

4.11. Listing

The Company shall, with respect to the Notes always maintain the listing by the Exchange of each such Series of Notes or obtain the listing of each Series of Notes on a regulated market or multilateral trading facility located in the European Union until none of the Notes is outstanding (the "**Listing**").

4.12. Individual Note Certificates

So long as the Notes are represented by one or more Global Note Certificates, if (i) Euroclear and/or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so or (ii) after the occurrence of an Event of Default, the Required Holders advise the Company that they elect to terminate the book entry system through the Clearing System with respect to the Notes, then the Company shall notify all holders (through the Clearing System or by such other method of notification as permitted by these Terms and Conditions), the Fiscal Agent and the Paying and Transfer Agent of the occurrence of any such event and of the availability of Individual Note Certificates to holders requesting the same. Upon surrender to the Company of each Global Note Certificate by the Clearing System, accompanied by registration instructions, the Company shall issue Individual Note Certificates (authenticated by the Registrar) with respect to the Notes in accordance with the instructions of the Clearing System. Upon the issuance of Individual Note Certificates, the Company shall recognize the holders of the Individual Note Certificates as holders.

4.13. Notifications

The Company shall, and will cause each of its Subsidiary to, promptly provide the Bank of Italy with any notification in respect of the Notes or the Transaction Documents as may be required pursuant to Italian law requirements (as from time to time amended).

4.14. Information as to Company

4.14.1 Financial and Business Information

The Company shall deliver to Purchaser and each Noteholder (and for purposes of these Terms and Conditions the information required by this Condition 4.14.1 shall be deemed to be delivered on the date of delivery of such information in the English language or the date of delivery of an English translation thereof):

(a) *Semi-Annual Statements* — solely to the extent prepared by the Company (it being understood that the Company has no obligation under these Terms and Conditions to do so) or are provided under any Primary Credit Facility, within 90 days (or, if earlier, the date by which the semi-annual unaudited statements are delivered under any Primary Credit Facility) after the end of each semi-annual period in each financial year of the Group, duplicate copies of:

(i) a consolidated balance sheet of the Company as at the end of such semi-annual period,

(ii) consolidated statements of income and cash flows of the Company for such semi-annual period, and

(iii) to the extent not included in the above, any financial information provided under any Primary Credit Facility,

setting forth in each case in comparative form the figures for the corresponding period in the previous financial year, all in reasonable detail, prepared in accordance with the management accounts of the Company and GAAP applicable to semi-annual financial statements (if any) generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations, subject to changes resulting from year-end adjustments; *provided* that the financial statements delivered pursuant to this Condition 4.14.1(a) shall at all times include at a minimum as much information and detail as is contained in any semi-annual financial statements (and any other information required to be delivered in connection with such semi-annual financial statements) delivered under any Primary Credit Facility; *provided further*, that the representatives of each holder of a Note that is an Institutional Investor, upon reasonable prior notice to the Company, shall have the right to consult with the Company's officers with regards to the contents of such semi-annual financial statements if deemed necessary by such representatives;

(b) *Annual Statements* — within 180 days (or, if earlier, the date by which the annual audited statements are delivered under any Primary Credit Facility) after the end of each fiscal year of the Company, duplicate copies of:

(i) a consolidated balance sheet of the Company as at the end of such year,

(ii) consolidated statements of income and cash flows of the Company for such year, and

(iii) to the extent not included in the above, any financial information provided under any Primary Credit Facility,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and including any applicable footnotes to the statements, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent public accountants of recognized international standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, circular, notice, proxy statement or similar document sent by the Company or any Subsidiary (x) to its creditors under any Primary Credit Facility (excluding information sent to such creditors in the ordinary course of administration of a credit facility, such as information relating to pricing and borrowing availability, but including any interim financial information provided to the agent or lenders under any Primary Credit Facility to the extent not already provided to the holders pursuant to Condition 4.14.1(a) or (b)) or (y) to its public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with CONSOB or any similar Governmental Authority or securities exchange and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) *Notice of Default or Event of Default* — promptly, and in any event within 5 days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Condition 6(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Employee Benefits Matters* — promptly, and in any event within 5 Business Days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof;

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect; or

(iv) receipt of notice of the imposition of a Material financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(g) *Resignation or Replacement of Auditors* — within 10 Business Days following the date on which the Company's auditors resign or the Company elects to change auditors, as the case may be, notification thereof, *together* with such further information as the Required Holders may request;

(h) *Budget* – as soon as it becomes available and in no event later than the date it is provided under any Primary Credit Facility, an annual budget for the financial year for which it is provided under such Primary Credit Facility;

(i) *Historical Accounts* – the Company will deliver to the holders the annual reports of the Company for 2020, 2021, and 2022 prepared on the basis of IFRS within 120 days of the Closing Day, together with any additional materials required by the SVO;

(j) *Requested Information* — with reasonable promptness, such other data and information relating to the operations, financial condition or prospects of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes (or of any Subsidiary Guarantor to perform its obligations under its Subsidiary Guaranty) as from time to time may be reasonably requested by any such Purchaser or holder of a Note, including information readily available to the Company explaining the Group's financial statements if such information has been requested by the SVO in order to assign or maintain a designation of the Notes; and

(k) *Sustainability reporting* – (i) as soon as they become available, and in any event within *180* days after the end of each SPT Reporting Period, the Sustainability Report for that SPT Reporting Period and (ii) on or before 30 June 2031 the SPT Interest Rate Adjustment Certificate in respect of the SPT Testing Period. The Company shall publish on its website the Sustainability Report for each SPT Reporting Period in accordance with the Company's external reporting timeline.

4.14.2. Compliance Certificate

Each set of financial statements delivered to the Purchaser or a Noteholder pursuant to Condition 4.14.1(a) or (if any) Condition 4.14.1(b) shall be accompanied by a certificate of a Senior Financial Officer in a form agreed between the Company, the Purchaser or the Noteholder (a "**Compliance Certificate**") and within 90 days of each 30 June Determination Date the Company shall deliver to the Purchaser and each Noteholder a Compliance Certificate:

(a) *Covenant Compliance* — setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with the requirements of Conditions 5.5, 5.6, 5.7, 5.8, 5.9 and 5.10 and each Incorporated Covenant (if any) with respect to each relevant Determination Date (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations and in the case of the financial covenant in Condition 5.6, such information that is necessary to back-up the calculations of such financial covenant), and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Condition, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value as to the period covered by any such financial statement, such Compliance Certificate as to such period shall include a reconciliation from GAAP with respect to such election;

(b) *Event of Default* — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the semi-annual or annual period covered by the statements then being furnished to the date

of the certificate and that such review shall not have disclosed the existence during or at the end of such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company or any Subsidiary shall have taken or proposes to take with respect thereto; and

(c) *Subsidiary Guarantors* – setting forth a list of all Subsidiaries that are Subsidiary Guarantors and certifying that each Subsidiary that is required to be a Subsidiary Guarantor pursuant to Condition 4.8 is a Subsidiary Guarantor, in each case, as of the date of such Compliance Certificate and the relevant Determination Date.

4.14.3. Visitation

The Company shall permit the representatives of the Purchaser and each Noteholder:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such Purchaser or holder, during reasonable business hours, and upon reasonable prior written notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Material Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Material Subsidiary all at such times and as may be requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the reasonable expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), at all such times and as often as may be requested.

4.14.4. Electronic Delivery

Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Conditions 4.14.1(a), (b) or (c) and Condition 4.14.2 shall be deemed to have been delivered if the Company satisfy any of the following requirements:

(a) such financial statements satisfying the requirements of Condition 4.14.1(a) or (b) and related Compliance Certificate satisfying the requirements of Condition 4.14.2 and any other information required under Condition 4.14.1(c) are delivered to the Purchaser or Noteholder by e-mail at the e-mail address communicated from time to time in a separate writing delivered to the Company; or

(b) such financial statements satisfying the requirements of Condition 4.14.1(a) or (b) and related Compliance Certificate(s) satisfying the requirements of Condition 4.14.2 and any other information required under Condition 4.14.1(c) are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each Noteholder has free access;

provided, however, that in no case shall access to such financial statements, other information and Officer's Certificates be conditioned upon any waiver or other agreement or consent (other than confidentiality provisions consistent with Condition 18); *provided further*, that in the case of clause (b), the Company shall have given each holder of a Note prior written notice, which may be by e-mail or in accordance with Condition 13, of such posting or availability in connection with each delivery; and *provided further*, that upon request of any holder to receive paper copies of such forms, financial statements, other information and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such holder.

4.14.5. Limitation on Disclosure Obligation

The Company shall not be required to disclose the following information pursuant to Condition 4.14.1(c)(i)(x), 4.14.1(j) or 4.14.3:

(a) information that the Company determines after consultation with counsel qualified to advise on such matters that, notwithstanding the confidentiality requirements of Condition 18, it would be prohibited from disclosing by applicable law or regulations without making public disclosure thereof; or

(b) information that, notwithstanding the confidentiality requirements of Condition 18, the Company is prohibited from disclosing by the terms of an obligation of confidentiality contained in any agreement with any non-Affiliate binding upon the Company and not entered into in contemplation of this clause (a), *provided* that the Company shall use commercially reasonable efforts to obtain consent from the party in whose favor the obligation of confidentiality was made to permit the disclosure of the relevant information and *provided further* that the Company has received a written opinion of counsel confirming that disclosure of such information without consent from such other contractual party would constitute a breach of such agreement; or

(c) information that constitutes attorney-work product or is covered by attorney-client or any other recognized privilege; or

(d) information that, notwithstanding the confidentiality requirements of Condition 18 would require the Company to make public disclosure of such information to comply with any of its continuing obligations under Regulation (EU) No. 596/2014.

Promptly after determining that the Company is not permitted to disclose any information as a result of the limitations described in this Condition 4.14.5, to the extent the following is permitted under the applicable non-disclosure obligation, the Company will provide each of the Purchasers and holders with an Officer's Certificate describing generally the requested information that the Company is prohibited from disclosing pursuant to this Condition 4.14.5 and the circumstances under which the Company is not permitted to disclose such information. Promptly after a request therefor from any holder of Notes that is an Institutional Investor, the Company will provide such holder with a written opinion of counsel (which may be addressed to the Company) relied upon as to any requested information that the Company is prohibited from disclosing to such holder under circumstances described in this Condition 4.14.5.

5. NEGATIVE COVENANTS

The Company covenants that so long as any of the Notes are outstanding:

5.1 Transactions with Affiliates

The Company will not, and will not permit any Subsidiary to, enter into directly or indirectly any Material transaction or Material group of related transactions (including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or a Subsidiary), (i) except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate or (ii) except for any Neutalia Borsano Project Commitment.

5.2 Merger, Consolidation, Etc.

The Company will not, and will not permit any Subsidiary Guarantor to, consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person, unless:

(a) in the case of any such transaction involving the Company, the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company as an entirety, as the case may be, shall be a solvent corporation or limited liability company organized and existing under the laws of the

United States or any state thereof (including the District of Columbia) or any other Permitted Jurisdiction, and, if the Company is not such successor corporation or limited liability company, (i) such corporation or limited liability company shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of these Terms and Conditions and the Notes, (ii) such corporation or limited liability company shall have caused to be delivered to each holder of any Notes an opinion of internationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof (subject to customary exceptions, assumptions and limitations) and (iii) such corporation or limited liability company shall have provided to the holders evidence of the acceptance by the Process Agent of the appointment and designation provided for by Condition 15(c) hereof, section 19.2(e) or other applicable section of the Agency Agreement and section 9(f) (or other applicable condition) of each Subsidiary Guaranty for the period of time from the date of such transaction to the date which is one year after the latest maturity date of the Notes then outstanding (and the payment in full of all fees in respect thereof);

(b) in the case of any such transaction involving a Subsidiary Guarantor, the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of such Subsidiary Guarantor as an entirety, as the case may be, shall be (1) the Company, such Subsidiary Guarantor or another Subsidiary Guarantor; (2) a solvent corporation or limited liability company (other than the Company or another Subsidiary Guarantor) that is organized and existing under the laws of the United States or any state thereof (including the District of Columbia), any other Permitted Jurisdiction or the jurisdiction of organization of such Subsidiary Guarantor and, if such Subsidiary Guarantor is not such successor corporation or limited liability company, (A) such corporation or limited liability company shall have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of the Subsidiary Guaranty of such Subsidiary Guarantor, (B) the Company shall have caused to be delivered to each holder of Notes an opinion of internationally recognized independent counsel in the appropriate jurisdiction(s), or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof (subject to customary exceptions, assumptions and limitations) and (C) such corporation or limited liability company shall have provided to the holders evidence of the acceptance by the Process Agent of the appointment and designation provided for by the Subsidiary Guaranty of such Subsidiary Guarantor for the period of time from the date of such transaction to the date which is one year after the latest maturity date of the Notes then outstanding (and the payment in full of all fees in respect thereof); or (3) any other Person so long as the transaction is treated as a disposition of all of the assets of such Subsidiary Guarantor for purposes of Condition 5.9 and, based on such characterization, would be permitted pursuant to Condition 5.9;

(c) each Subsidiary Guarantor under any Subsidiary Guaranty that is outstanding at the time such transaction or each transaction in such a series of transactions occurs reaffirms its obligations under such Subsidiary Guaranty in writing at such time pursuant to documentation that is reasonably acceptable to the Required Holders; and

(d) immediately before and immediately after giving effect to such transaction or each transaction in any such series of transactions, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer or lease of substantially all of the assets of any Obligor shall have the effect of releasing such Obligor, as the case may be, or any successor corporation or limited liability company that shall theretofore have become such in the manner prescribed in this Condition 5.2, from its liability under (x) these Terms and Conditions or the Notes (in the case of the Company) or (y) any Subsidiary

Guaranty (in the case of a Subsidiary Guarantor), unless, in the case of the conveyance, transfer or lease of substantially all of the assets of a Subsidiary Guarantor, such Subsidiary Guarantor is released from its Subsidiary Guaranty in accordance with Condition 4.8(c) in connection with or immediately following such conveyance, transfer or lease.

Notwithstanding the above, the demerger with Amiacque S.r.l. is expressly permitted and exempted from the provisions of this covenant.

5.3 Line of Business

The Company will not, and will not permit any Subsidiary to, engage in any business if, as a result, the general nature of the business in which the Company and the Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and the Subsidiaries, taken as a whole, are engaged on the date of these Terms and Conditions as described in the Disclosure Documents relating to the Closing Day, or businesses reasonably related thereto or in furtherance thereof; provided that provided that, "general nature of the business" should be interpreted as including any concession or public or municipal service contracted with or performed in relation to Italian public municipalities or provinces.

5.4 Sanctions, Etc.

(a) The Company will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Sanctioned Person), own or control a Sanctioned Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction would be in violation of, or could result in the imposition of sanctions under, any Sanctions Laws applicable to the Company or such Controlled Entity, except, in the case of this clause (a), to the extent that such violation or sanctions, if imposed, could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) The Company will not, directly or indirectly, (i) use the proceeds of the Notes or lend, contribute or otherwise make available such proceeds to any member of the Group, joint venture partner or other person or entity to fund or facilitate any activities or business of or with any Sanctioned Person or in any Sanctioned Country or (ii) use any revenue or benefit derived from any activity or dealing with a Sanctioned Person or from any Sanctioned Country for the purpose of discharging amounts owing to the holders of the Notes.

5.5 Leverage Ratio

The Company shall not, as of any Determination Date, permit the ratio of Consolidated Gross Debt as of such Determination Date to Consolidated EBITDA for the Relevant Period ending on such Determination Date to be greater than 3.50 to 1.00.

5.6 Consolidated Net Debt to Terminal Value Ratio

The Company shall not, as of any Determination Date, permit the ratio of Consolidated Net Debt as of such Determination Date to the aggregate Terminal Value as of such Determination Date to be greater than 0.75 to 1.00.

5.7 Consolidated EBITDA Ratio to Consolidated Interest Expenses

The Company shall not, as of any Determination Date, permit the ratio of Consolidated EBITDA as of such Determination Date to Consolidated Interest Expenses as of such Determination Date to be less than 5.00 to 1.00.

5.8 Liens

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including any document or instrument in respect of goods or accounts receivable) of the Company or any such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for taxes and assessments or governmental charges or levies not yet due and payable and Liens securing claims or demands of mechanics and materialmen; provided that payment thereof is not at the time required by Condition 4.4;

(b) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits, or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds, bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(c) Liens of or resulting from any judgment or award, (i) the time for the appeal or petition for rehearing of which shall not have expired, or (ii) in respect of which the Company or a Subsidiary shall at all times in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured; provided that the Company or such Subsidiary (i) is contesting such judgment or award on a timely basis, in good faith and by appropriate proceedings, (ii) has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary, as the case may be, and (iii) such judgment or award is discharged or stayed pending appeal within 120 days after entry thereof (and is discharged within 120 days after the expiration of any such stay);

(d) Liens incidental to the conduct of business or the ownership of properties and assets (including Liens in connection with worker's compensation, unemployment insurance and other like laws, warehousemen's and attorneys' liens and statutory landlords' liens) and Liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other Lien of like general nature, in any such case incurred in the ordinary course of business and not in connection with the borrowing of money; provided that (i) any such Lien secures only amounts not due and payable or the payment of which is being contested in good faith by appropriate actions or proceedings and (ii) any such Lien does not materially impair the business of the Company and its Subsidiaries taken as a whole or the value of the related property for the purposes of such business;

(e) Liens existing on property or assets of a Person at the time such Person is consolidated with or merged into the Company, or any Lien existing on any property or assets acquired by the Company at the time such property or assets are so acquired (whether or not the Indebtedness secured thereby shall have been assumed), provided that (i) each such Lien shall extend solely to the property or assets so acquired, (ii) at the time of creation, issuance, assumption, guarantee or incurrence of the Indebtedness secured by such Lien and after giving effect thereto and to the application of the proceeds thereof, no Default or Event of Default would exist and (iii) each such Lien is discharged within 180 days after such consolidation, merger or acquisition;

(f) Liens securing the EIB Loans due in December 2029, June 2030, December 2030, June 2031 and June 2032 for a total principal amount of €52,483,424.31 as of 31 December 2022, provided that such Liens shall not be extended, renewed, and the principal amount thereof shall not be increased at any time in excess of €52,483,424.31;

(g) Liens granted by the Company pursuant to customary netting or set-off arrangements in the ordinary course of the banking arrangements of the Company;

(h) Liens created to secure Project Finance Indebtedness, provided that the aggregate amount of such Project Finance Indebtedness secured by such Liens does not at any time exceed 3 per cent. of the Consolidated Total Assets; or

(i) other Liens securing Indebtedness of the Company or any Subsidiary not otherwise permitted by clauses (a) through (h), provided that the sum (without duplication) of (A) the aggregate unpaid principal amount of all Indebtedness secured by Liens permitted by this Condition 5.9(i) (determined as of the most recent Determination Date) plus (B) the aggregate principal amount then outstanding of all Indebtedness permitted pursuant to Condition 5.11(c) does not at any time exceed 7 per cent. of Consolidated Total Assets (determined as of the most recent Determination Date), provided, further, that notwithstanding the foregoing, the Company shall not, and shall not permit any of its Subsidiaries to, secure pursuant to this Condition 5.9(i) any Indebtedness outstanding under or pursuant to any Primary Credit Facility unless and until the Notes (and any guaranty delivered in connection therewith) shall concurrently be secured equally and ratably with such Indebtedness pursuant to documentation reasonably acceptable to the Required Holders in substance and in form, including an intercreditor agreement and opinions issued by counsel(s) of the Company and/or any such Subsidiary, as the case may be, from counsel that is reasonably acceptable to the Required Holders.

5.9 Receivables Program

The Company will not and will not permit any of its Subsidiaries to, directly or indirectly, make any sale, transfer or other disposition of any receivables pursuant to any recourse or non-recourse securitization and/or accounts receivable program or any similar recourse or non-recourse receivables financing arrangement (a "**Securitization Program**"); provided that the Company and its Subsidiaries may make sales, transfers or other dispositions of receivables pursuant to non-recourse Securitization Programs in any financial year of the Company of an aggregate amount for all such sales, transfers and disposals based on their realizable value in accordance with GAAP not exceeding 5 per cent. of consolidated revenue of the Group for the Company's most recently ended financial year.

5.10 Sales of Assets

The Company will not nor will it permit any Subsidiary to, directly or indirectly (by merger or otherwise), make any sale, transfer, lease (as lessor) or other disposition of any property or assets (other than dispositions of cash not otherwise prohibited by these Terms and Conditions) (each or any combination thereof being a "**Disposition**"), including any receivables, shares, interests or other equivalents of corporate stock or other indicia of ownership of any such Subsidiary of the Parent, other than:

(a) in respect of Dispositions where the book value of the relevant assets, when added to the book value of all other assets sold, leased or otherwise disposed of by the Company and its Subsidiaries exceeds (x) €10,000,000.00 (or its equivalent in other currencies) within that same fiscal year and (y) €70,000,000.00 (or its equivalent in other currencies) during the term of these Terms and Conditions, provided, however, that to the extent such assets are sold in an arm's length transaction and, at such time and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing and an amount equal to the net proceeds received from such sale, lease or other disposition shall be applied within 365 days after the date of such Disposition, in any combination:

(i) to acquire productive assets of a similar nature used or useful in carrying on the business of the Company and its Subsidiaries; and/or

(ii) to prepay or retire Indebtedness of the Company and/or a Subsidiary Guarantor (other than Indebtedness owed to a Subsidiary or Affiliate or which is subordinated in any manner to the Notes), provided that the Company shall, in accordance with Condition 3.9, offer to prepay each outstanding Note in a principal amount, equal to the Ratable Portion for such Note, may be excluded from the foregoing calculation;

(b) Dispositions in respect of any Liens permitted by Condition 5.8;

(c) Dispositions in the ordinary course of business involving property that is either (i) inventory held for sale or (ii) equipment, fixtures, supplies or materials that are outdated, worn-out, surplus or obsolete;

(d) Dispositions of receivables to the extent permitted by Condition 5.9;

(e) Dispositions made by obtaining the prior written consent of the Required Holders; or

(f) Dispositions that occur at fair market value between the Company and a Material Subsidiary, up to a book value not exceeding €1,000,000.00.

5.11 Subsidiary Indebtedness

The Company will not permit any Subsidiary to, directly or indirectly, create, incur, assume or otherwise become or remain liable with respect to any Indebtedness, except:

(a) unsecured Indebtedness of a Subsidiary Guarantor for so long as such Subsidiary remains a Subsidiary Guarantor; *provided* that the Indebtedness represented by the Subsidiary Guaranty of such Subsidiary Guarantor ranks at least *pari passu*, without preference or priority, at all times with all other unsecured and unsubordinated Indebtedness of such Subsidiary Guarantor in a bankruptcy or insolvency of such Subsidiary Guarantor, other than Indebtedness which is mandatorily preferred by law applicable to companies generally;

(b) Indebtedness of a Person at the time such Person becomes a Subsidiary; *provided* that such Indebtedness is not incurred in contemplation of such Person becoming a Subsidiary; *provided further* that such Indebtedness remains outstanding for a period of not more than 180 days after the date such Person becomes a Subsidiary; and

(c) Indebtedness not otherwise permitted by the foregoing clauses (a) and (b) above, *provided* that after giving effect thereto the sum (without duplication) of (i) the aggregate principal amount of all outstanding Indebtedness of Subsidiaries permitted pursuant to this clause (c) *plus* (ii) to the extent not included in the foregoing clause (i), the aggregate outstanding principal amount of Indebtedness secured by Liens permitted by Condition 5.8(i) does not at any time exceed 7 per cent. of Consolidated Total Assets (determined as of the end of the most recent financial year for which financial statements have been provided pursuant to Condition 7.1(b)) (and for purposes of this clause (c) any Subsidiary Guarantor which is discharged from its Subsidiary Guaranty pursuant to Condition 4.8(c) shall be deemed to have incurred all of its existing Indebtedness on the date such Subsidiary Guaranty is discharged).

5.12 Segregation of Assets under the Italian Civil Code

The Company shall not, and shall not cause or permit any Subsidiary Guarantor to, segregate assets for the purpose of Article 2447-bis of the Italian Civil Code ("*Patrimoni Destinati ad uno Specifico Affare*") or enter into any *finanziamento destinato ad uno specifico affare* pursuant to article 2447-bis and following of the Italian Civil Code, nor shall any of them issue any class of stock or other financial instruments under Article 2447-ter of the Italian Civil Code.

5.13 Restricted Payments

The Company will not pay or declare any Restricted Payment if, at the time of declaration or payment thereof, a Default or an Event of Default has occurred and is continuing or would result therefrom.

5.14 Investments

The Company will not, and will not permit any Subsidiary to, have or make any investment (whether by acquisition of stock, indebtedness or other obligation or security, or by loan, advance, capital contribution or otherwise) in any shareholder or Affiliate of any member of the Group, other than the Company and its Subsidiaries, or provide any Guaranty to or for the benefit of any such shareholder or Affiliate of a member

of the Group, in an outstanding amount at any time exceeding €20,000,000 (or its equivalent in other currencies) in the aggregate for all such investments and Guaranties (including all such investments and Guaranties outstanding on the Closing Day), *provided that* (x) this Condition shall not apply to investments in any shareholder or Affiliate of any member of the Group which becomes a Subsidiary as a result of such investment, (y) this Condition shall not apply to the provision of any Guaranty of Indebtedness granted by a member of the Group in respect of Indebtedness of another member of the Group, and (z) no such investment or Guaranty shall be made to or for the benefit of the holders of any Equity in the Company if at the time such investment or Guaranty would otherwise be made, a Default or an Event of Default has occurred and is continuing or would result therefrom.

6. EVENTS OF DEFAULT

An "**Event of Default**" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal, premium, Make-Whole Amount or Modified Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise, unless such default is the direct result of a technical failure by the transmitting bank in transmission of payment, in which case the Company shall have five days to remedy such default; or

(b) the Company defaults in the payment of any interest on any Note or any amount payable pursuant to Condition 8 for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Condition 4.14.1(d), any provision of Condition 5 or any Incorporated Covenant; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in Condition 6 (a), (b) and (c)) or any Subsidiary Guarantor defaults in the performance of or compliance with any term contained in any Subsidiary Guaranty and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this Condition 6(d)); or

(e) (i) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in these Terms and Conditions or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect as at the date on which made, or (ii) any representation or warranty made in writing by or on behalf of any Subsidiary Guarantor or by any officer of such Subsidiary Guarantor in any Subsidiary Guaranty or any writing furnished in connection with such Subsidiary Guaranty proves to have been false or incorrect in any material respect as at the date on which made; or

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or modified make-whole amount or interest on any Indebtedness (other than the Indebtedness under the Notes) that is outstanding in an aggregate principal amount of at least €8,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least €8,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time, a change of control event that also constitutes a Change of Control under these Terms and Conditions, a lender illegality event or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (x) the Company or any Subsidiary has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least €8,000,000 (or its equivalent in the relevant currency of payment), or (y) one or more Persons have the right to

require the Company or any Subsidiary so to purchase or repay such Indebtedness; provided that for the purposes of this clause (iii) a "**lender illegality event**" means an event as a consequence of which it becomes unlawful in any applicable jurisdiction for a lender of any Indebtedness to perform any of its obligations as contemplated by the terms applicable to such Indebtedness or provide any financing under such terms; or

(g) the Company or any Material Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy and/or insolvency, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar procedure and/or agreement according to the law of any jurisdiction (including, without limitation, any *liquidazione* (including, without limitation, a *liquidazione volontaria*), *procedura concorsuale* or similar (*fallimento*, *concordato preventivo*, *liquidazione coatta amministrativa*, *amministrazione straordinaria delle grandi imprese insolventi*), *amministrazione straordinaria*, *piano di risanamento* pursuant to Article 67, paragraph 3, letter d) of the Italian Bankruptcy Law, *accordo di ristrutturazione dei debiti* pursuant to Article 182-bis of the Italian Bankruptcy Law or any other similar proceedings, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property (including, without limitation, any *commissario straordinario*, *commissario liquidatore*, *comitato di sorveglianza*, *curatore*, *commissario giudiziale*, *liquidatore* or any other Person performing the same function of each of the foregoing), (v) is adjudicated as insolvent or to be liquidated or in crisis (*in crisi*), or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property (including, without limitation, any *commissario straordinario*, *commissario liquidatore*, *comitato di sorveglianza*, *curatore*, *commissario giudiziale*, *liquidatore* or any other Person performing the same function of each of the foregoing), or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or insolvency or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up, administration or liquidation of the Company or any of its Subsidiaries, or any such petition shall be filed against the Company or any of its Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) any event occurs with respect to the Company or any Subsidiary which under the laws of any jurisdiction is analogous to any of the events described in Condition 6(g) or Condition 6(h), *provided* that the applicable grace period, if any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Condition 6(g) or Condition 6(h); or

(j) one or more final judgments or orders for the payment of money aggregating in excess of €10,000,000 (or its equivalent in the relevant currency of payment), including any such final order enforcing a binding arbitration decision, are rendered against one or more of the Company and its Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged (including, without limitation, by way of making payments in full in cash of the relevant amount) within 60 days after the expiration of such stay; or

(k) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) there is any "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under one or more Plans, determined in accordance with Title IV of ERISA, (iv) the aggregate present value of accrued benefit liabilities under all funded Non-U.S. Plans exceeds the aggregate current value of the assets of such Non-U.S. Plans allocable to such

liabilities, (v) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (vi) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, (vii) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder, (viii) the Company or any Subsidiary fails to administer or maintain a Non-U.S. Plan in compliance with the requirements of any and all applicable laws, statutes, rules, regulations or court orders or any Non-U.S. Plan is involuntarily terminated or wound up, or (ix) the Company or any Subsidiary becomes subject to the imposition of a financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans; and any such event or events described in clauses (i) through (ix) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect. As used in this Condition 6(k), the terms "**employee benefit plan**" and "**employee welfare benefit plan**" shall have the respective meanings assigned to such terms in section 3 of ERISA; or

(l) any Subsidiary Guaranty shall cease to be in full force and effect, any Subsidiary Guarantor or any Person acting on behalf of any Subsidiary Guarantor shall contest in any manner the validity, binding nature or enforceability of any Subsidiary Guaranty, or the obligations of any Subsidiary Guarantor under any Subsidiary Guaranty are not or cease to be legal, valid, binding and enforceable in accordance with the terms of such Subsidiary Guaranty.

7. REMEDIES ON DEFAULT, ETC.

7.1. Acceleration

(a) If an Event of Default with respect to the Company described in Condition 6(g), (h) or (i) (other than an Event of Default described in clause (i) of Condition 6(g) or described in clause (vi) of Condition 6(g) by virtue of the fact that such clause encompasses clause (i) of Condition 6(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable and the Facility shall automatically terminate.

(b) If any other Event of Default has occurred and is continuing, subject to a resolution of the Required Holders to be taken in accordance with Condition 12.1 (to the extent required by Italian law in effect at such time), the Joint Representative, or the requisite percentage of Notes specified in Condition 12.1, may, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable and the Purchaser may at its option, by notice in writing to the Company, terminate the Facility.

(c) If any Event of Default described in Condition 6(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

In addition, if (i) any Event of Default (other than those described in clauses (a) and (a) of Condition 6 and Condition 7.1(a)) has occurred and is continuing, (ii) the holders of at least one-twentieth of the aggregate principal amount of the Notes then outstanding have requested the convening of a Noteholders' Meeting, and (iii) such Noteholders' Meeting has not been convened on or prior to the fifth day after the expiration of the minimum statutory notice period for such meeting, assuming notice thereof was given on the date of such request (or on or prior to the fifth day after such request if there is no such minimum period), then, until the date such Noteholders' Meeting shall be convened, each holder of Notes shall have the right, at any time, at its option, by notice or notices to the Company, to declare all the Notes then held by it to be immediately due and payable.

Upon any Notes becoming due and payable under this Condition 7.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (w) all accrued and unpaid interest thereon (including interest accrued thereon at the Default Rate), (x) the Make-Whole Amount determined in respect of such principal amount and (y) any other amounts owing

under these Terms and Conditions, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

To the extent any holder or the Required Holders give written notice to the Company pursuant to this Condition 7.1, such holder or the Required Holders will promptly thereafter provide a copy of such written notice to the Fiscal Agent.

7.2. Other Remedies

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Condition 7.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any other Transaction Document, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

7.3. Rescission

At any time after any Notes have been declared due and payable pursuant to Condition 7.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Condition 12, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Condition 7.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

To the extent the Required Holders give written notice to the Company pursuant to this Condition 7.3,7.3 the Required Holders will promptly thereafter provide a copy of such written notice to the Fiscal Agent.

7.4. No Waivers or Election of Remedies, Expenses, Etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by these Terms and Conditions or any other Transaction Document upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Condition 10.1, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Condition 7, including reasonable attorneys' fees, expenses and disbursements and any Italian Registration Duty.

8. TAXATION

8.1. Tax Gross-Up.

(a) All payments of principal, interest, premium and other proceeds (including the difference between the redemption amount and the issue price) in respect of the Notes and all payments

under these Terms and Conditions made by or on behalf of the Company or any successor (each a "**Payor**") will be made without withholding or deduction for or on account of any present or future Taxes of whatever nature imposed or levied by or on behalf of any Taxing Jurisdiction unless such withholding or deduction is required by law. In such event, the Payor will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction (including any required withholding or deduction of Tax on or with respect to such Additional Amount) shall equal the respective amounts which would otherwise have been received in respect of such payments in respect of these Terms and Conditions or on any such Note in the absence of such withholding or deduction, *provided* that no payment of any Additional Amounts shall be payable with respect to any payment under these Terms and Conditions or the Note for or on account of:

(i) any Tax that would not have been imposed but for the existence of any actual or deemed present or former connection between such holder or beneficial owner (or a fiduciary, settlor, beneficiary, member of, shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation or any Person other than the holder to whom the Notes or any amount payable thereon is attributable for the purposes of such Tax) and the Taxing Jurisdiction - other than the mere holding of the relevant Note or the receipt of payments thereunder or in respect thereof or the exercise of remedies in respect thereof - including, without limitation, such holder (or such other Person described in the above parenthetical) being or having been a citizen or resident thereof, or being or having been present or engaged in trade or business therein or having or having had an establishment, office, fixed base or branch therein, *provided* that this exclusion shall not apply with respect to a Tax that would not have been imposed but for the Company, after the date of the Series A Closing, opening an office in, moving an office to, reincorporating in, or changing the Taxing Jurisdiction (other than to the jurisdiction where such holder is resident for tax purpose) from or through which payments on account of this Agreement or the Notes are made to, the Taxing Jurisdiction imposing the relevant Tax;

(ii) any Tax that would not have been imposed but for the delay or failure by such holder or beneficial owner (following a written request by the Clearing System, or its Custodian (or other Qualified Intermediary acting as depository of the Notes) or by the Company in case of a change of its tax jurisdiction or it otherwise becoming responsible for the collection or delivery of any Forms (as defined below)) in the filing with the relevant Taxing Jurisdiction of Forms that are required to be filed by such holder or beneficial owner to avoid or reduce such Tax (including for such purpose any refilings or renewals of filings that may from time to time be required by the relevant Taxing Jurisdiction) and in all circumstances in which the formalities to obtain an exemption from *imposta sostitutiva* set forth in Decree No. 239, or any alternative future system of deduction or withholding, have not been complied with, except where such formalities have not been complied with due to the actions or inactions of the Company; provided that the filing of such Forms would not (in such holder's reasonable judgment) impose any unreasonable burden (in time, resources or otherwise) on such holder (it being understood that the deposit of the Notes to the Common Depositary and the filing of a Tax Exemption Application Form for Non-Residents shall be deemed not to impose an unreasonable burden on any holder) or result in any confidential or proprietary income tax return information being revealed, either directly or indirectly, to any Person and such delay or failure could have been lawfully avoided by such holder, and provided further that (x) in the case of any Forms

other than Exemption Forms, such holder shall be deemed to have satisfied the requirements of this clause (a)(ii) upon the good faith completion and submission of such Forms (including refilings or renewals of filings) as may be specified in a written request of the Company if it is provided by the applicable tax law or as a result of a change in Taxing Jurisdiction no later than 60 days after receipt by such holder of such written request (accompanied by copies of such Forms and related instructions, if any, all in the English language or with an English translation thereof) and (y) in the case of the filing of a Tax Exemption Application Form for Non-Residents, such holder shall be deemed to have satisfied the requirements of this paragraph (a)(ii) and complying with the timely submission of a properly completed and signed Tax Exemption Application Form for Non-Residents with its Custodian;

(iii) any Tax imposed on account of this Agreement or the Notes pursuant to (A) FATCA, (B) any intergovernmental agreement between the U.S. Internal Revenue Service, the U.S. government or any government or taxing authority in any other jurisdiction facilitating the implementation of FATCA, or (C) any treaty, law, regulation or other official guidance enacted in Italy or any other jurisdiction implementing such an intergovernmental agreement;

(iv) any Tax due as a result of such holder of Notes not being the beneficial owner and a Qualified Investor resident for tax purposes in a White List Country unless such holder is not or has ceased to be such a Qualified Investor as a result of any change, after the date of the Closing with respect to such holder's Notes, in the case of an original Purchaser of such Notes, or (in any other case) the date on which such holder became the holder of the relevant Note, as applicable, in (or in the interpretation, administration, or application of) any relevant Italian law or applicable regulation;

(v) any combination of clauses (i) to (iv) above;

provided further that in no event shall the Company be obligated to pay such Additional Amounts (i) to any holder of a Note not resident for tax purposes in the United States of America or any other jurisdiction in which an original Purchaser of such Note is resident for tax purposes on the Closing Day in respect of such Note in excess of the amounts that the Company would be obligated to pay if such holder had been a tax resident of the United States of America or such other jurisdiction, as applicable, (A) for purposes of, and eligible for the benefits of, any double taxation treaty from time to time in effect between the United States of America or such other jurisdiction and the relevant Taxing Jurisdiction and/or (B) for purposes of, and eligible to establish an exemption from, *imposta sostitutiva* set forth in Decree No. 239 or any alternative future system of deduction or withholding and/or (ii) with respect to any Note that is registered in the name of a nominee if under the law of the relevant Taxing Jurisdiction (or the current regulatory interpretation of such law) securities held in the name of a nominee do not qualify for an exemption from the relevant Tax and the Clearing System, or the Custodian (or other Qualified Intermediary acting as depository of the Notes), or the Company, where applicable, shall have given timely notice of such law or interpretation to such holder.

(b) By acceptance of any Note, the holder of such Note agrees, subject to the limitations of clause (a)(ii) above, that it will from time to time with reasonable promptness (x) duly complete and deliver to or as reasonably directed by the custodian (a "**Custodian**") through which such holder holds its beneficial interest in the Notes or the Company, as the case may be, all such forms, certificates, documents and returns or other evidence concerning the nationality, residence or identity of the holder provided to such holder by its Custodian or the Company (collectively, together with instructions for completing the same, "**Forms**") required to be

filed by or on behalf of such holder in order to avoid or reduce any deduction or withholding for such Tax pursuant to the provisions of any applicable statute, regulation or administrative practice of the relevant Taxing Jurisdiction or of a tax treaty between the United States and such Taxing Jurisdiction and (y) provide its Custodian or the Company, as applicable, with such information with respect to such holder as such Custodian or the Company may reasonably request in order to complete any such Forms, provided that nothing in this Condition 8 shall require any holder to provide information with respect to any such Form or otherwise if in the opinion of such holder such Form or disclosure of information would involve the disclosure of tax return or other information that is confidential or proprietary to such holder, and *provided further* that, in the case of any Form other than a Tax Exemption Application Form for Non-Residents, each such holder shall be deemed to have complied with its obligation under this Condition 8.1(b) with respect to such Form if such Form shall have been duly completed and delivered by such holder, as instructed by its Custodian, the Clearing System or the Fiscal Agent or the Paying and Transfer Agent or, if it is provided by the applicable law, by the Company, or mailed to the appropriate taxing authority, whichever is applicable, within 60 days following a written request of such Custodian, Clearing System or the Fiscal Agent or the Paying and Transfer Agent or the Company (which request shall be accompanied by copies of such Form and English translations of any such Form not in the English language) and, in the case of a transfer of any Note, at least 90 days prior to the relevant interest payment date. Each holder acknowledges that the Company may provide Forms to holders (and receive completed Forms from holders) and/or request information from holders, if it is required by law, through the Clearing System, such holder's Custodian, the Fiscal Agent or the Paying and Transfer Agent. The Purchaser shall have complied with this Section 8.1(b) by providing a properly completed Tax Exemption Application Form for Non-Residents on the Closing Day.

(c) On or before the date of each Closing the Company will furnish each Purchaser purchasing Notes at such Closing with copies of the appropriate Form (and English translation if required as aforesaid), other than the Tax Exemption Application Form for Non-Residents, currently required to be filed in Italy pursuant to Condition 8.1(a)(ii), if any, and in connection with the transfer of any Note the Company will furnish the transferee of such Note with copies of any Form and English translation then required

(d) If any payment is made by the Company (or by any financial intermediary intervening in the payment on behalf of the Company) to or for the account of the holder of any Note after deduction for or on account of any Taxes, and increased payments are made by the Company pursuant to this Condition 8, then, if such holder determines that it has received or been granted a refund of such Taxes, such holder shall, to the extent that it can do so without prejudice to the retention of the amount of such refund, reimburse to the Company such amount as such holder shall determine to be attributable to the relevant Taxes or deduction or withholding. Nothing herein contained shall interfere with the right of the holder of any Note to arrange its tax affairs in whatever manner it thinks fit and, in particular, no holder of any Note shall be under any obligation to claim relief from its corporate profits or similar tax liability in respect of such Tax in priority to any other claims, reliefs, credits or deductions available to it or (other than as set forth in Condition 8(a)(ii)) oblige any holder of any Note to disclose any information relating to its tax affairs or any computations in respect thereof.

(e) The Company will furnish the holders of Notes, promptly and in any event within 60 days after the date of any payment by the Company of any Tax in respect of any amounts paid under this Agreement or the Notes, the original tax receipt issued by the relevant taxation or other authorities involved for all amounts paid as aforesaid (or if such original tax receipt is not available or must legally be kept in the possession of the Company, a duly certified copy

of the original tax receipt or any other reasonably satisfactory evidence of payment), together with such other documentary evidence with respect to such payments as may be reasonably requested from time to time by any holder of a Note. With respect to any Tax imposed in respect of *imposta sostitutiva* set forth in Decree No. 239 or any alternative future system of deduction or withholding, the Company may discharge its obligations under this Condition 8.1(e) through the Clearing System and/or the Fiscal Agent and/or the Paying and Transfer Agent.

(f) If the Company is required by any applicable law, as modified by the practice of the taxation or other authority of any relevant Taxing Jurisdiction, to make any deduction or withholding of any Tax in respect of which the Company would be required to pay any additional amount under this Condition 8, but for any reason does not make such deduction or withholding with the result that a liability in respect of such Tax is assessed directly against the holder of any Note, and such holder pays such liability, then the Company will promptly reimburse such holder for such payment (including any related interest or penalties to the extent such interest or penalties arise by virtue of a default or delay by the Company) upon written demand by such holder accompanied by an official receipt (or a duly certified copy thereof) issued by the taxation or other authority of the relevant Taxing Jurisdiction.

(g) If the Company makes payment of any additional amount under this Condition 8 to or for the account of any holder of a Note and such holder is entitled to a refund of the Tax to which such payment is attributable upon the making of a filing, then such holder shall, as soon as practicable after receiving written request from the Company (which shall specify in reasonable detail and supply the refund forms to be filed) use reasonable efforts to complete and deliver such refund forms to or as directed by the Company.

8.2. FATCA

(a) Notwithstanding anything to the contrary contained herein, the Company, the Guarantor or any other party paying on behalf of the Company, shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to FATCA (any such withholding or deduction, a "**FATCA Withholding**"), and no person shall be required to pay any additional amounts in respect of FATCA Withholding.

(b) By acceptance of any Note, the holder of such Note agrees that such holder will with reasonable promptness duly complete and deliver to the Company, the Fiscal Agent, the Paying and Transfer Agent or such other Person as may be reasonably requested by the Company, from time to time (i) in the case of any such holder that is a United States Person, such holder's United States tax identification number or other Forms reasonably requested by the Company necessary to establish such holder's status as a United States Person under FATCA and as may otherwise be necessary for the Company to comply with its obligations under FATCA and (ii) in the case of any such holder that is not a United States Person, such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be necessary for the Company, the Fiscal Agent or the Paying and Transfer Agent to comply with their respective obligations under FATCA and to determine that such holder has complied with such holder's obligations under FATCA or to determine the amount (if any) to deduct and withhold from any such payment made to such holder. Nothing in this Condition 8.2(b) shall require any holder to provide information that is confidential or proprietary to such holder unless the Company, the Fiscal Agent or the Paying and Transfer Agent is required to obtain such information under FATCA and, in such event, the Company shall treat any such information it receives as confidential.

8.3. Value Added Tax

(a) All amounts expressed to be payable under this Agreement by the Company to the Purchasers which (in whole or in part) constitute the consideration for any supply for VAT purposes

shall be deemed to be exclusive of any VAT. If VAT is or becomes chargeable on any supply made by the Purchasers to the Company under this Agreement and such Purchaser is required to account to the relevant tax authority for the VAT, the Company must pay to such Purchaser (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and the Purchaser must promptly provide an appropriate VAT invoice to the Company, if so required by applicable law).

(b) If VAT is or becomes chargeable on any supply made by any supplier (the "**Supplier**") to the Purchaser and the Company or any other party paying on behalf of the Company pays, under the terms of this Agreement, an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Purchaser in respect of that consideration):

(i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Company or any other party paying on behalf of the Company must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Purchaser must (where this paragraph (b) applies) promptly pay to the Company an amount equal to any credit or repayment it receives from the relevant tax authority which it determines relates to the VAT chargeable on that supply; and

(ii) (where the Purchaser is the person required to account to the relevant tax authority for the VAT) the Company or any other party paying on behalf of the Company must promptly, following demand from the Purchaser, pay to the Purchaser an amount equal to the VAT chargeable on that supply that the Purchaser reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is not entitled to credit or repayment from the relevant tax authority.

(c) Where these Terms and Conditions require the Company or any other party paying on behalf of the Company to reimburse or indemnify the Purchaser for any costs or expenses, the Issuer shall reimburse or indemnify (as the case may be) the Purchaser for the full amount of such cost or expense, including such part thereof as represents VAT, insofar as that Purchaser reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

8.4. Confirmation as to Status

(a) The Company, the Purchaser and each Noteholder hereby acknowledges and agrees that the Notes may not be subscribed for, offered, sold, transferred or delivered to any person that is not a Qualified Investor. Any transfer to any person that is not a Qualified Investor on the date of transfer of the Notes shall be null and void.

(b) The Purchaser and each Noteholder, for the avoidance of doubt, shall:

(i) timely deposit, directly or indirectly (including through the Common Depository), from the date of subscription or, if acquired later, from the date of transfer, the Notes in accordance with this Agreement with a Qualifying Intermediary; and

(ii) timely fill out, sign and provide, within the same timing, to the custodian holding its Notes the Tax Exemption Application Form for Non-Residents provided by Ministerial Decree 12 December 2001 in the form attached herein under Schedule C (Tax Exemption Application Form for Non-Residents) and any other declaration reasonably requested by the relevant intermediary.

The obligations of the Company under this Condition 8 shall survive the payment or transfer of any Note and the provisions of this Condition 8 shall also apply to successive transferees of the Notes.

9. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES

9.1. Registered Holder Register; Beneficial Owners Register

(a) *Registered Holder Register*. For so long as any of the Notes are outstanding:

(i) The Company shall cause the Registrar to keep, outside the United Kingdom (and outside any other jurisdiction which imposes stamp, registration or any similar tax on the keeping of such registers), a register of the registered owners of the Notes (each, a "**Registered Holder**") (as opposed to, for the avoidance of doubt, a "holder" (who is the beneficial owner)) of the Notes (the "**Registered Holder Register**"). As of each Closing Day, the Registered Holder of the Notes shall be a nominee of the Common Depositary.

(ii) The name and address of each Registered Holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such Registered Holder Register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered in the Registered Holder Register shall be deemed and treated as the Registered Holder thereof for all purposes hereof, and the Registrar shall not be affected by any notice or knowledge to the contrary.

(b) *Beneficial Owners Register*. For so long as any of the Notes are outstanding:

(i) The Company shall keep at its principal executive office a register of the holders (as opposed to the Registered Holders) of the Notes for the registration and registration of transfers of Notes (the "**Beneficial Owners Register**"). The Beneficial Owners Register shall include a register of each Series of Notes separately.

(ii) The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such Beneficial Owners Register. If any holder of one or more Notes holds through a nominee, then (A) the name and address of the nominee of such Note or Notes shall also be registered in such Beneficial Owners Register as an owner and holder thereof and (B) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to these Terms and Conditions. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered in the Beneficial Owners Register shall be deemed and treated as the holder thereof for all purposes hereof (other than, in the case of a Note represented by a Global Note Certificate, the right to receive interest, principal, premium and Make-Whole Amount with respect to such Note, which, as provided therein, the Registered Holder of such Note shall be entitled to receive), and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses in the Beneficial Owners Register of all registered holders of Notes to the extent permitted under applicable laws and regulations.

9.2. Transfer and Exchange of Notes

(a) For so long as the Notes are represented by one or more Global Note Certificates:

(i) If any holder wishes to transfer all or any part of any of its Notes and have any transferee thereof obtain the benefits of these Terms and Conditions, then such holder must both (A) transfer its interest in the Notes pursuant to the requirements of the Clearing System, and (A)(x) notify the Company in writing of such transfer and the name of the transferee(s) and provide evidence to the Company of such transfer to such transferee(s) and (y) provide to the Company all the information contemplated by the Purchaser Schedule with respect to such transferee(s). Upon the Company's receipt of the information required in the prior sentence, the Company shall register in the Beneficial Owners Register the transfer of such Note(s) and the name of the transferee(s) as the new holder(s) of such Note(s).

(ii) No transferee of any Note shall be treated as a holder under these Terms and Conditions or have any rights under these Terms and Conditions or under any Note (other than the right to receive interest, principal, premium, Make-Whole Amounts, and Modified Make-Whole Amounts in relation to such Note as provided therein) unless the provisions of this Condition 9.2 have been complied with. In furtherance of the foregoing, only a transferee who has become a holder will have the right to enforce the terms of these Terms and Conditions against the Company, to exercise any of the remedies provided for in these Terms and Conditions (including acceleration of the Notes), to provide consents, amendments or waivers in relation to the Notes as provided herein, or to receive any Individual Note Certificate, and otherwise to enjoy the rights and benefits of these Terms and Conditions (other than the right to receive interest, principal, premium, Make-Whole Amounts, and Modified Make-Whole Amounts in relation to the Notes as provided therein). If any Global Note Certificate is to be exchanged for Individual Note Certificates as permitted by Condition 4.12, then only holders (who are, for the avoidance of doubt, registered in the Beneficial Owners Register), and not any Registered Holder (nor any Person who holds a book-entry interest in such Global Note Certificate in the Clearing System), shall be entitled to receive any Individual Note Certificate. In furtherance of the foregoing, if any Notes are no longer represented by a Global Note Certificate but rather have been exchanged for Individual Note Certificates as contemplated by Condition 4.12, then all rights of any Registered Holder under such Notes (and accordingly, the rights of any Person who held a book-entry interest in such Global Note Certificate in the Clearing System) shall be extinguished in their entirety and all rights to receive interest, principal, premium, and any Make-Whole Amount or Modified Make-Whole Amount under the Notes shall only be vested in those Persons who are registered in the Beneficial Owners Register as a holder of any Individual Note Certificate.

A Global Note Certificate will be exchanged by the Company for Individual Note Certificates only in accordance with Condition 4.12.

(b) If the Notes are no longer represented by Global Note Certificates, but rather have been exchanged for Individual Note Certificates in accordance with Condition 4.12:

(i) Upon surrender of any Individual Note Certificate to the Company or the Paying and Transfer Agent at the address and to the attention of the designated officer (all as specified in Condition 13), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Individual Note Certificate or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Individual Note Certificate or part thereof), within 10 Business Days thereafter, the Company shall

cause the Beneficial Owners Register to reflect such transfer and execute and deliver, at the Company's expense (except as provided below), one or more new Individual Note Certificates (as requested by the holder thereof) in exchange therefor, authenticated by the Registrar, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Individual Note Certificate. Each such new Individual Note Certificate shall be payable to such Person as such holder may request and shall be substantially in the form of Schedule 1-B of the Notes Purchase Agreement. Each such new Individual Note Certificate shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Individual Note Certificate or dated the date of the surrendered Individual Note Certificate if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Individual Note Certificates. Individual Note Certificates shall not be transferred in principal amounts of less than $100,000 (or €100,000 in the case of Notes denominated in Euros), *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Individual Note Certificates, one Individual Note Certificate may be in a principal amount of less than less than $100,000 or €100,000, as applicable.

(ii) Notwithstanding the foregoing, the Company shall not be required to cause the Registrar to, and the Company shall not, register the transfer of any Note or Individual Note Certificate if the relevant transferee is not a Qualified Investor, unless the relevant transferee is not or has ceased to be a Qualified Investor as a result of any change after the date on which such transferee became the holder of the relevant Note or Individual Note Certificate in (or in the interpretation, administration, or application of) any relevant Italian law or applicable regulation.

(iii) Any transferee, by its acceptance of a Note or an Individual Note Certificate registered in its name (or the name of its nominee), shall be deemed to have (A) made the covenants set forth in Schedule 1 (Representations of the Noteholder) Articles 3 and 4, (B) made the representations set forth in Article 1 (other than the first sentence of article 1), and (C) become a party to the Noteholder Voting Agreement. Without limitation of the foregoing, each such transferee shall execute a Noteholder Voting Agreement Joinder and shall deliver a copy thereof to each other holder of Notes and the Company.

(iv) Notwithstanding the foregoing, in no event shall any Note or interest therein be transferred to any Person which is not a Qualified Investor. Accordingly, any transfer to a holder that is not a Qualified Investor shall be null and void ab initio.

(v) Notwithstanding the forgoing, in no event shall any Note or interest therein be transferred to any Person which is a Competitor.

9.3. Replacement of Note Certificates

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note Certificate (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it and the Registrar (*provided* that if the holder of such Note is, or is a nominee for, a Purchaser or another holder of a Note with a minimum net worth of at least $100,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof, within 10 Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note Certificate (authenticated by the Registrar) of the same Series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note Certificate or dated the date of such lost, stolen, destroyed or mutilated Note Certificate if no interest shall have been paid thereon.

10. PAYMENTS ON NOTES

(a) Payments in respect of Global Note Certificates

For so long as the Notes are represented by one or more Global Note Certificates:

(a) all payments of sums becoming due on any Note for principal, premium, if any, Make-Whole Amount or Modified Make-Whole Amount, if any, and interest will be made by the Company (which payment will be effected by the Company through the Fiscal Agent and the Paying and Transfer Agent as contemplated by the Agency Agreement) by making payment to the Registered Holders outlined in the Registered Holder Register as of one Business Day prior to the date of such payment against presentation (and, in the case of payment of principal in full with all interest accrued thereon, all premium, if any, all Make-Whole Amount or Modified Make-Whole Amount, if any, and any other amounts payable with respect thereto, surrender) of the Global Note Certificate with respect to the Notes of such Series to or to the order of the Paying and Transfer Agent. On each occasion on which a payment of principal, premium, Make-Whole Amount, Modified Make-Whole Amount or interest is made in respect of the Notes represented by Global Note Certificates, the Company shall procure that the payment is noted in the Registered Holder Register and the Beneficial Owners Register.

(b) The Company will pay all other amounts becoming due hereunder (including, without limitation, any fees, expenses or other indemnification obligations) by the method and at the address specified for such purpose below such Purchaser's name.

(b) Payments in respect of Individual Note Certificates

If the Notes are no longer represented by Global Note Certificates, but rather have been exchanged for Individual Note Certificates in accordance with Condition 4.12, the Company will pay (or will cause the Fiscal Agent and the Paying and Transfer Agent to pay or cause to be paid) all sums becoming due on any such Individual Note Certificate for principal, premium, if any, Make-Whole Amount or Modified Make-Whole Amount, if any, interest and all other amounts becoming due under these Terms and Conditions, the Notes or the other Transaction Documents by the method and at the address specified for such purpose below such Purchaser's name, or by such other method or at such other address as such Purchaser or any new holder (as reflected in the Beneficial Owners Register) shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Individual Note Certificate or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Individual Note Certificate, such Purchaser or other holder shall surrender such Individual Note Certificate for cancellation, reasonably promptly after any such request, to the Company at its principal executive office. Prior to any sale or other disposition of any Individual Note Certificate held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Individual Note Certificate to the Company in exchange for a new Individual Note Certificate or Individual Note Certificates pursuant to Condition 9.2. The Company will afford the benefits of this Condition 10.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under these Terms and Conditions and that has made the same agreement relating to such Note as the Purchasers have made in this Condition 10.2.

11 EXPENSES, ETC.

11.1 Transaction Expenses

(a) The Company will pay all costs and expenses (including attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel, provided that the Arranger shall pay on or before the Closing the fees, charges and disbursements of the Purchasers' special U.S. counsel and any local counsel engaged by the Purchaser in connection with the execution and delivery of this Prospectus and the issuance of the Notes) incurred by each holder of a Note in connection with any amendments, waivers or consents under or in respect of these Terms and Conditions or any other Transaction Document (whether or not such amendment, waiver or consent becomes effective), including: (a) the reasonable and documented costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under these Terms and Conditions or any other Transaction Document (including any applicable Italian Registration Duty) or in responding to any subpoena or other legal process or informal investigative demand issued in connection with these Terms and Conditions or any other Transaction Document, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work out or restructuring of the transactions contemplated hereby and by the other Transaction Documents, and (c) the reasonable and documented costs and expenses incurred in connection with the initial filing of these Terms and Conditions and all related documents and financial information with the SVO, *provided* that such costs and expenses under this clause (a) shall not exceed $5,000 for the Notes. If required by the NAIC, the Company shall maintain at its own cost and expense a Legal Entity Identifier (LEI).

(b) The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes), (ii) any and all wire transfer fees that any bank or other financial institution deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note, and (iii) all fees, costs and expenses of each of the Registrar, the Fiscal Agent, the Paying and Transfer Agent (and, for the avoidance of doubt, all fees, costs and expenses of any holder of Notes owing to such Persons in connection with the arrangements contemplated by the Agency Agreement, including the costs and expenses associated with opening and maintaining any accounts in connection therewith) and all indemnities payable under the Agency Agreement.

(c) Without limiting any other provision of these Terms and Conditions, the Company hereby acknowledges and agrees to the obligations of the Company set forth the Noteholder Voting Agreement and such obligations are incorporated herein in their entirety.

11.2 Stamp Duties

(a) The Company shall pay all stamp, registration, documentary or similar taxes, fees or duties (including any interest and penalties thereon or in connection therewith) imposed by the Republic of Italy or any other relevant jurisdiction which may be payable upon or in connection with the creation and issue (but not the transfer) of the Notes or the execution, delivery, registration, performance and enforcement of these Terms and Conditions and any other Transaction Document.

(b) The Company shall indemnify Purchaser against any duly documented claim, demand, action, liability or damages, and any duly documented and properly incurred cost, loss or expense (including, without limitation, legal fees) which it may incur as a result of or arising out of or in relation to any failure to pay or delay in paying by or on behalf of the Company any of the same.

(c) However, the Company shall not be liable for any stamp duty, registration tax and other similar Taxes in relation to these Terms and Conditions, the Notes or any Subsidiary Guarantee due as a result of registration of such document in Italy by the Purchaser and/or holders of the Notes where such registration is not required by any applicable law, any authority or necessary to maintain, preserve, establish, enforce, perfect or protect the rights of only Purchaser and/or holders of the Notes under these Terms and Conditions, the Notes or any Subsidiary Guarantee.

11.3 Survival

The obligations of the Company under this Condition 11.3 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of these Terms and Conditions or any other Transaction Document, and the termination of these Terms and Conditions or any other Transaction Document.

12 AMENDMENT AND WAIVER

12.1. Meetings of Holders

Subject to compliance with provisions of Italian law, any decisions of the holders of Notes (including, without limitation, any acceleration of the maturity of the Notes that must be effected by two or more such holders acting in concert), shall be made at a meeting of the holders of Notes (a "**Noteholders' Meeting**") to be convened by the board of directors of the Company or, if already appointed, by the Joint Representative (i) when the board of directors of the Company or, if already appointed, the Joint Representative deem it necessary or (ii) when requested by holders of Notes representing at least one-twentieth of the aggregate principal amount of the Notes then outstanding. Subject to compliance with provisions of Italian law and the Company's by-laws, the Noteholders' Meeting shall be validly held if: (a) in the case of the First Call (as defined in Schedule 2) there are one or more Persons present holding Notes or Voting Certificates or being proxies and holding or representing in aggregate more than one-half of the principal amount of the Notes for the time being outstanding; and (b) in case of the Second Call (as defined in Schedule 2) there are one or more Persons present holding Notes or Voting Certificates or being proxies and holding or representing in aggregate more than one-half of the principal amount of the Notes for the time being outstanding. The approval of more than one-half of the principal amount of the Notes for the time being outstanding shall be required to approve any resolution of the holders of Notes. All Noteholders' Meetings under this Condition 12.1 shall take place at the location specified in the relevant Notice (as defined in Schedule 2) in accordance with the provisions of the Company's by-laws (as amended from time to time) and provisions of Italian law, and shall be conducted as described in Schedule 2.

12.2. Joint Representative

Pursuant to Article 2417 of the Italian Civil Code, a joint representative of the holders of Notes (the "**Joint Representative**") may be appointed at a Noteholders' Meeting in order to, inter alia, represent the holders' interests hereunder and to effect the resolutions duly adopted at Noteholders' Meetings convened pursuant to Condition 12.1. The Joint Representative may also be appointed by any holder of the Notes to serve as a proxy for such holder. In order to serve as proxy, to the extent required by Italian law then in effect, the Person being appointed as a proxy (including, without limitation, the Joint Representative if so appointed) must attend Noteholders' Meetings in possession of the original Notes or Voting Certificates of registered holders for which the Joint Representative or such other Person has been designated as proxy.

12.3. Requirements

Notwithstanding anything to the contrary contained in these Terms and Conditions or the Notes, these Terms and Conditions and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the approval of the holders by resolution adopted in accordance with the procedures set forth in Schedule 2 and the written consent of the Company.

12.4. Solicitation of Holders of Notes

(a) *Solicitation*. The Company will provide each holder of a Note with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or any Subsidiary Guaranty. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Condition 12 or any Subsidiary Guaranty to each holder of a Note promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment*. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of a Note as consideration for or as an inducement to the entering into by such holder of any waiver or amendment of any of the terms and provisions hereof or of any Subsidiary Guaranty or any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of a Note even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer*. Any consent given pursuant to this Condition 12 or any Subsidiary Guaranty by a holder of a Note that has transferred or has agreed to transfer its Note to (i) the Company, (ii) any Subsidiary or any other Affiliate or (iii) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates, in each case in connection with such consent, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

12.5. Binding Effect, Etc.

Any amendment or waiver consented to as provided in this Condition 12 or any Subsidiary Guaranty applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any holder of a Note and no delay in exercising any rights hereunder or under any Note or Subsidiary Guaranty shall operate as a waiver of any rights of any holder of such Note.

12.6. Notes Held by Company, Etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under these Terms and Conditions, any Subsidiary Guaranty or the Notes, or have directed the taking of any action provided herein or in any Subsidiary Guaranty or the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

12.7. Changes in Law

The procedures set forth in this Condition 12 outline certain requirements of Noteholders' Meetings as prescribed by Italian law in effect on the Closing Day and are subject to compliance with the mandatory laws, legislation, rules and regulations of the Republic of Italy in force from time to time.

If as a result of a Change in Mandatory Italian Law (as defined below), the amendment and waiver provisions set forth in this Condition 12 or in Schedule 2 shall cease to be in compliance with any mandatory law, legislation, rule or regulation of Italy relating to Noteholders' Meetings and/or voting (collectively,

"**Mandatory Italian Law**"), the Company shall use its best efforts to provide written notice of such Change in Mandatory Italian Law to each holder of Notes, which notice shall summarize each such Change in Mandatory Italian Law. Within 120 days after such Change in Mandatory Italian Law has come into force as a law, the Company and the holders of Notes shall negotiate in good faith to amend Condition 12 and Schedule 2, such amendments in form and substance satisfactory to the Required Holders, so that such provisions comply with Mandatory Italian Law as of the date of such amendments and provide the holders of Notes with substantially similar rights as existing prior to such Change in Mandatory Italian Law.

For purposes of this Condition 12.7, a "**Change in Mandatory Italian Law**" means (individually or collectively with one or more prior changes), an amendment to, or change in, any Mandatory Italian Law after the Closing Day, or an amendment to, or change in, an official and published interpretation of such Mandatory Italian Law after the Closing Day, which amendment or change is in force and continuing.

13. NOTICES; ENGLISH LANGUAGE

(a) Except to the extent otherwise provided in Condition 4.14.4, all notices and communications provided for hereunder shall be in writing and sent (x) by mail, (y) by e-mail (if the recipient of such notice has notified the sender in writing that notices may be delivered by e-mail and has provided an e-mail address for such purpose) or (z) by an internationally recognized commercial delivery service (charges prepaid). Any such notice must be sent:

(b) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified to the Company in writing,

(a) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing,

(b) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Ufficio Servizi Finanziari (email: capholding@legalmail.it; phone: +39 02825021), or at such other address as the Company shall have specified to the holder of each Note in writing, or

(c) if to any of the Registrar, Fiscal Agent or Paying and Transfer Agent, to such Person at its address specified to the Company and each holder of Notes in writing.

Notices under this Condition 13 will be deemed given only when actually received.

(c) Each document, instrument, financial statement, report, notice or other communication delivered in connection with these Terms and Conditions shall be in English or accompanied by an English translation thereof.

(d) These Terms and Conditions and the Notes have been prepared and signed in English and the parties hereto agree that the English version hereof and thereof (to the maximum extent permitted by applicable law) shall be the only version valid for the purpose of the interpretation and construction hereof and thereof notwithstanding the preparation of any translation into another language hereof or thereof, whether official or otherwise or whether prepared in relation to any proceedings which may be brought in Italy or any other jurisdiction in respect hereof or thereof.

14. GOVERNING LAW

These Terms and Conditions and any non-contractual obligations arising out of or in connection with it shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of England. The above shall not apply to provisions regarding Noteholders' Meetings, appointments of a Joint Representative, and amendments and waivers, in each case, including the procedures relating thereto set forth in Condition 12.1, 12.2 and 12.3, which shall be construed and enforced in accordance with the laws of Italy.

15. JURISDICTION AND PROCESS; WAIVER OF JURY TRIAL

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with these Terms and Conditions and the Notes (including a dispute regarding the existence, validity or termination of these Terms and Conditions or the Notes) (a "**Dispute**").

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Condition 15(a) by mailing a copy thereof by registered, certified, priority or express mail, postage prepaid, return receipt or delivery confirmation requested, or delivering a copy thereof in the manner for delivery of notices specified in Condition 13, to the Process Agent, as its agent for the purpose of accepting service of any process in the United Kingdom. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the postal service or any reputable commercial delivery service.

(c) The Company hereby irrevocably appoints the Process Agent to receive for it, and on its behalf, service of process in the United Kingdom.

(d) THE PARTIES HERETO HEREBY WAIVE (AND BY THEIR HOLDING OF A NOTE OR A BENEFICIAL INTEREST THEREIN, EACH HOLDER IS DEEMED TO WAIVE) TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THESE TERMS AND CONDITIONS, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

16. OBLIGATION TO MAKE PAYMENT IN APPLICABLE CURRENCY

Any payment on account of an amount that is payable hereunder or under the Notes in any Applicable Currency which is made to or for the account of any holder of the Notes in any other currency, whether as a result of any judgment or order or the enforcement thereof or the realization of any security or the liquidation of the Company, shall constitute a discharge of the obligation of the Company under these Terms and Conditions or the Notes only to the extent of the amount of such Applicable Currency which such holder could purchase in the foreign exchange markets in London, England, with the amount of such other currency in accordance with normal banking procedures at the rate of exchange prevailing on the London Banking Day following receipt of the payment first referred to above. If the amount of such Applicable Currency that could be so purchased is less than the amount of such Applicable Currency originally due to such holder, the Company agrees to the fullest extent permitted by law, to indemnify and save harmless such holder from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall, to the fullest extent permitted by law, constitute an obligation separate and independent from the other obligations contained in these Terms and Conditions or in the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by such holder from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under the Notes or under any judgment or order. As used herein the term "**London Banking Day**" shall mean any day other than Saturday or Sunday or a day on which commercial banks are required or authorized by law to be closed in London, England.

17. DETERMINATIONS INVOLVING DIFFERENT CURRENCIES

If at the relevant time Notes are outstanding in both Dollars and Euros, for purposes of establishing the outstanding principal amounts of the Notes in connection with (i) allocating any applicable partial prepayment of the Notes or (ii) determining whether the holders of the requisite percentage of the aggregate principal amount of the Notes then outstanding approved or consented to any amendment, waiver or consent to be given under these Terms and Conditions or any Subsidiary Guaranty, have accepted any prepayment applicable herein, or have directed the taking of any action provided herein or therein to be taken upon the direction of the holders of a specified percentage of the aggregate outstanding principal amount of the Notes, the outstanding principal amount of any Note denominated in Euros at the time of such determination shall be converted to Dollars at the Dollar Equivalent for such Note.

18. CONFIDENTIAL INFORMATION

For the purposes of this Condition 18, "**Confidential Information**" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to these Terms and Conditions that is proprietary in nature and that was clearly marked or labelled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Condition 4.14.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, *provided* that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this Condition 18, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Condition 18), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Condition 18), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes, these Terms and Conditions or any other Transaction Document. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Condition 18 as though it were a party to these Terms and Conditions. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under these Terms and Conditions or requested by such holder (other than a holder that is a party to these Terms and Conditions or its nominee), such holder will enter into an agreement with the Company embodying this Condition 18.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to these Terms and Conditions, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Condition 18, this Condition 18 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Condition 18 shall supersede any such other confidentiality undertaking.

SCHEDULE 1

REPRESENTATIONS OF THE NOTEHOLDERS

1. Purchase for Investment

Each Purchaser severally represents that it is purchasing the Notes purchased by it hereunder for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser further severally represents that it is a sophisticated institutional investor and an "accredited investor" as defined in paragraph (1), (2), (3) or (7) of Rule 501(a) of the Securities Act and has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of its investment in the Notes and is able to bear the economic risk of holding the Notes for an indefinite period of time. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

2. Source of Funds

Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "**Source**") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("**PTE**") 95 60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "**NAIC Annual Statement**")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95 60) or by the same employee organization in the general account do not exceed 10 per cent. of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90 1 or (ii) a bank collective investment fund, within the meaning of the PTE 91 38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10 per cent. of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84 14 (the "**QPAM Exemption**")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20 per cent. of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied,

neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10 per cent. or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96 23 (the "**INHAM Exemption**")) managed by an "in house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10 per cent. or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Schedule 1 Article 2, the terms "**employee benefit plan**," "**governmental plan**," and "**separate account**" shall have the respective meanings assigned to such terms in section 3 of ERISA.

3. Italian Securities and Tax Laws

(a) Each Purchaser purchasing Notes on a Closing Day represents and warrants to the Company that it is an Italian Qualified Investor on such Closing Day.

(b) Each Purchaser acknowledges and agrees that it has not offered, sold or delivered, and further acknowledges and agrees that it may not offer, sell or deliver, any Notes to the public in Italy and that sales of the Notes by such Purchaser in Italy may only be effected in accordance with all Italian securities, tax, exchange controls and any other applicable laws and regulation. For the purposes of this provision, the expression "offer of Notes to the public" in Italy means any communication, under the meaning of Article 1, paragraph 1, letter t) of Legislative Decree No. 58 of February 24, 1998, as amended (the "**Financial Services Act**") and Article 2, paragraph (d) of Regulation EU 2017/1129, in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, including the placement through authorized intermediaries.

(c) Without prejudice to the provisions of Schedule 1 article 1, each Purchaser of Notes on a Closing Day represents, acknowledges and agrees, and by its acceptance of Notes each holder of Notes shall be deemed to represent, acknowledge and agree, that (x) as of such Closing Day or as of the day of its acceptance of Notes, it is a Qualified Investor and shall not take any action that would result in it ceasing to be a Qualified Investor, and (y) it may only assign, sell or otherwise transfer any Notes within the limits set forth by Condition 9.2 and in compliance with the following restrictions:

(a) No Notes may be offered, sold or delivered, nor may copies of any document relating to the offering of the Notes be distributed in Italy to any proposed purchaser, except to Qualified Investors; and

(b) Since the offering of the Notes has not been registered with CONSOB pursuant to Italian securities legislation, any offer, sale or delivery of the Notes or distribution of copies of any

document relating to the offering of the Notes in Italy to any proposed purchaser under this Schedule 1 article 3(c) must be:

(A) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 and the Banking Act;

(B) in compliance with Article 129 of the Banking Act, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may require information on the issue or the offer of securities in Italy; and

(C) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

Notwithstanding the above, in no event may the Notes be sold or offered for sale (at any Closing or at any time thereafter) to Persons other than Qualified Investors, and the Notes must be held at all times by Qualified Investors, except in the case of a holder of a Note who is not or has ceased to be a Qualified Investor as a result of any change, after the date of the Closing with respect to such Note, in the case of a Purchaser of such Note, or (in any other case) the date on which such holder became the holder of the relevant Note, in (or in the interpretation, administration, or application of) any relevant Italian law or applicable regulation.

4. No Public Offer

Notwithstanding Articles 1 and 3 of this Schedule 1 above, each Purchaser represents, warrants and undertakes that no action has been taken by it that would, or is intended to, permit a public offer of the Notes or any other offering or publicity material relating to the Notes to be distributed or published in any country or jurisdiction where any action for such purpose is required. Accordingly, each Purchaser undertakes that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations in such country or jurisdiction and all offers and sales of Notes by it will be made on the same terms.

SCHEDULE 2

PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. Proxy

A holder of a Note (a "**Noteholder**") may attend any meeting by way of a proxy, provided that such proxy is granted in compliance with the provisions of Article 2372 of the Italian Civil Code, the mandatory provisions of Italian law and the Company's by-laws, in force from time to time. A single proxy may be conferred to cover (i) subsequent calls of the same meeting, or (ii) as a general proxy or proxy granted by a company, an association, a foundation or another collective entity or an institution to one of its employees for unlimited meetings. If a proxy is granted for one meeting, it is conferred for the period commencing the date a Noteholders' Meeting has been called and ending the date the meeting has been held and cannot be used again. All terms as used herein, unless otherwise defined herein, shall have (subject to compliance with Italian law and the Company's by-laws in force from time to time) the meanings ascribed to them in the Terms and Conditions of which this Schedule 2 is a part. For the avoidance of doubt, it is agreed and understood that any Noteholder shall be entitled to appoint as proxy any third Person having legal capacity to act, including the Joint Representative.

Without prejudice for the provision under paragraph 2 below, the Joint Representative may also be the same Person appointed by one or more Noteholders to serve as a proxy at Noteholders' Meetings.

2. Joint Representative

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a Joint Representative of the Noteholders may be appointed by resolution passed at a Noteholders' Meeting in order to represent the Noteholders' interests under the Notes and to give execution to the resolutions of the Noteholders' Meetings.

Pursuant to Article 2417 of the Italian Civil Code, the directors of the Company, its statutory auditors and employees and those individuals who are in the conditions referred to article 2399 of the Italian Civil Code may not be appointed as Joint Representative.

In the event that the first Noteholders' Meeting fails to appoint the Joint Representative pursuant to Article 2415 of the Italian Civil Code, the appointment will be made by the competent court at the request of any Noteholder or the directors of the Company.

The Joint Representative remains in office for a period not in excess of three years and can be re-elected. The meeting of Noteholders determines his remuneration. Within thirty (30) days from the date on which the Joint Representative has been informed of its appointment, it shall apply for its registration in the competent register of enterprises.

The Joint Representative has specific duties. The Joint Representative is required by Article 2418 of the Italian Civil Code, among other things, to implement the resolution of the Noteholders' Meeting, protect the common interests of the Noteholders vis-à-vis the Company, represents the common interests of the Noteholders before the court in relation to bankruptcy proceedings and call the Noteholders' Meeting when requested by Noteholders that represent at least one-twentieth in principal amount of the Notes issued and outstanding. In addition, the Joint Representative has the right to attend any shareholders' meeting.

3. Calling of Meetings

All meeting of Noteholders will be convened in accordance with the provisions of Italian law and the Company's by-laws, each as from time to time amended.

(a) A Noteholders' Meeting may be convened by the board of directors of the Company or, if already appointed, by the Joint Representative when they deem it necessary, and must be convened within five (5) calendar days following a request by holders of Notes representing at least one-twentieth of the aggregate principal amount of the Notes then outstanding (a "**Requisition**").

(b) If the Noteholders' Meeting is not convened within five (5) calendar days following a Requisition, the Noteholders' Meeting may be convened by decision of the competent court upon request by the requisitioner in accordance with Article 2367, paragraph 2, of the Italian Civil Code.

(c) Under Italian law, a Noteholders' Meeting may also be considered to be validly constituted even in the absence of any notice to call it, if the majority of the Company's directors and of the statutory auditors, and Noteholders representing 100 per cent. of the outstanding principal amount of the Notes and, if already appointed, the Joint Representative attend the meeting. In such case (i) each of the attendees may object to the discussion of the matters in respect of which it deems not to be sufficiently informed; and (ii) the non-attending directors of the Company and/or statutory auditors shall be promptly informed of the resolutions adopted.

4. Content of the Notice

The notice to convene a meeting ("**Notice**") shall indicate the item(s) to be discussed and resolved at the meeting, the place, day and hour of meeting on the First Call and the Second Call (each as defined below).

The Notice shall contain any information required to be included in such notice pursuant to applicable laws and regulations and the Company's by-laws.

For purposes of this Schedule 2:

- "**First Call**" shall mean the first date and time indicated in the Notice for a meeting of Noteholders; and
- "**Second Call**" shall mean the second date and time for a meeting of Noteholders which could either be indicated in the Notice or in a new notice (to be issued by and no later than thirty (30) days following the meeting held on the First Call), which shall be utilized if the required quorum is not present at the relevant first meeting of Noteholders.

5. Place of Meetings

All meetings shall take place at the location indicated in the Notice in accordance with the provisions of the Company's by-laws (as amended from time to time).

6. Publication and Notification of the Notice

Each Noteholder shall be notified by the Company and/or (if already appointed) the Joint Representative (who shall then notify the Company) of the calling of the meeting, which shall be made and notified in accordance with the applicable Italian laws and the Company's by-laws, it being understood that for purposes of such notification the address of the Noteholder shall be that recorded in, for so long as the Notes are represented by Global Note Certificates, the Beneficial Owners Register kept by the Company pursuant to Condition 9.1 of the Terms and Conditions, and, if the Notes are no longer represented by Global Note Certificates but rather have been exchanged for Individual Note Certificates, the Beneficial Owners Register kept by the Company pursuant to Condition 9.1 of the Terms and Conditions.

7. Entitlement to Attend and Vote at Meetings

No Person shall be entitled to attend and speak nor shall any Person be entitled to vote at any Noteholders' Meeting or join with others in requesting the convening of a meeting unless (a) s/he is registered as a Noteholder in, for so long as the Notes are represented by Global Note Certificates, the Beneficial Owners Register kept by the Company pursuant to Condition 9.1 of the Terms and Conditions, and, if the Notes are no longer represented by Global Note Certificates but rather have been exchanged for Individual Note Certificates, the Beneficial Owners Register kept by the Company pursuant to Condition 9.1 of the Terms and Conditions or (b) is a proxy of a Noteholder described in the foregoing clause (a), in each case in possession of either original Note(s) so registered in such Noteholder's name or a Voting Certificate issued by such Noteholder and, if such Person is a proxy, in possession of the document pursuant to which such Person was appointed as a proxy (if not included in the Voting Certificate).

Without prejudice to the obligations of the proxies named in any form of proxy, any Person entitled to more than one vote (to the extent permitted by Italian law) need not use all his votes or cast all the votes to which he is entitled in the same way.

Subject to compliance with provisions of Italian law and the Company's by-laws, each as from time to time amended, any director, statutory auditor or officer of the Company and its lawyers and financial advisers may attend and speak (but not vote) at any Noteholders' Meeting.

8. Chairman of the Meeting

Subject to mandatory provisions of Italian law, (i) the chairman of the Board of Directors of the Company or any Person as the Company's by-laws may specify from time to time; or in the event that clause (i) of this paragraph 8 is not possible, (ii) any Person (who may but need not be a Noteholder) nominated in writing by the Required Holders shall be entitled to take the chair at every meeting but if no nomination is made or if at any Noteholders' Meeting the Person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting the Noteholders present at the Noteholders' Meeting, and holding a majority of the outstanding principal amount of the Notes represented at the meeting (the "**Majority Holders**"), shall choose one of their members or the Joint Representative to be Chairman pursuant to Article 2371 of the Italian Civil Code.

The Chairman may with the consent of (and shall if directed by) the Majority Holders adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

9. Quorums

The following provisions are subject to compliance with provisions of Italian law, as from time to time amended and the Company's by-laws.

(a) A meeting shall be validly held if:

(i) in the case of the First Call, there are one or more Persons present holding Notes or Voting Certificates or being proxies and holding or representing in aggregate more than one-half of the principal amount of the Notes for the time being outstanding; and

(ii) in the case of the Second Call, there are one or more Persons present holding Notes or Voting Certificates or being proxies and holding or representing in aggregate more than one-third of the principal amount of the Notes for the time being outstanding.

(b) The majority required to pass a resolution of the Noteholders' Meeting shall be one or more Persons present holding Notes or Voting Certificates or being proxies, which:

(i) in the case of the First Call, hold or represent more than one-half of the principal amount of the Notes for the time being outstanding; and

(ii) in the case of the Second Call, hold or represent more than two-thirds of the principal amount of the Notes for the time being outstanding.

10. Voting Right

At any meeting every Noteholder who is so present shall have one vote in respect of the Dollar Equivalent of each €1.00 in principal amount of the Notes so produced or represented by the Voting Certificates so produced or in respect of which s/he/it is a proxy or in respect of which s/he/it is the Noteholder.

11. Binding Effect of Resolutions

Any resolution passed at a Noteholders' Meeting duly convened and held hereunder shall be binding upon all Noteholders whether present or not present at the meeting and whether or not voting and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify the passing of the resolution.

12. Minutes of Resolutions

Minutes of all resolutions and proceedings at every Noteholders' Meeting shall be drawn up (drafted in Italian with English translations provided thereof) by a notary public pursuant to paragraph 3 of Article 2415 of the Italian Civil Code. The Chairman and the secretary (*segretario*) of the meeting at which such resolutions were passed or proceedings transacted shall sign the minutes, which shall be conclusive evidence of the matters recorded therein and until the contrary is proved every such meeting in respect of the proceedings of which Minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted. The minutes of any resolution shall be recorded in the minute book of Noteholders' meetings (*libro verbali assemblee degli obbligazionisti*) and registered at the competent Companies registry (*Registro delle imprese*) of the Company.

13. Challenge of Resolutions of Meeting

Resolutions which are not adopted in compliance with the provisions set forth in this Schedule, or which otherwise conflict with applicable law and/or the Company's by-laws, may be challenged pursuant to Article 2416 of the Italian Civil Code. The challenge shall be filed before the competent court according to Article 2416 of the Italian Civil Code.

14. Governing Law

Provisions of Noteholders' Meetings shall be construed in accordance with the law of Italy (as amended and implemented from time to time).

15. Changes in Law

The procedures set forth in this Schedule 2 outline certain requirements of Noteholders' Meetings as prescribed by Italian law in effect on the date of the Terms and Conditions of which this Schedule 2 is a part as well as certain agreements of the parties hereto. Certain procedures set forth herein may change as Italian laws and/or the by-laws are amended, re-enacted or otherwise revised, provided, however, that such changes shall not adversely affect any Noteholder unless consented to by the Noteholder against whom enforcement is sought or unless such changes are mandated by Italian law.

DESCRIPTION OF THE ISSUER AND THE GROUP

Overview

CAP Holding S.p.A. (the "**Issuer**" or "**CAP Holding**") is a company limited by shares (*società per azioni*) incorporated in Italy on 30 May 2000 in accordance with the provisions of the Italian Civil Code. Its registered office and principal place of business is at Via Rimini 38, Milano (MI), Italy. It is registered with the Companies' Register of Milan with registration, Fiscal Code and VAT number 13187590156 and LEI Code 8156007C698FE467BD66. The Issuer is the parent company of the group consisting of the Issuer and its subsidiaries (the "**Group**") and operate in the integrated water service, as defined pursuant to Legislative Decree 152/2006, ("**IWS**") industry in Northern Italy, with a particular focus on providing services in the "Optimal Territorial Area" (*Ambito Territoriale Ottimale* – "**ATO**" or *Ente di Governo d'Ambito* "**EGA**") of the Metropolitan Area (*città metropolitana*) of Milan, excluding the municipality of Milan (the "**ATO Metropolitan Milan**") and acting as manager, with the role of wholesaler, for part of the areas under the competence of the ATO of Monza and Brianza (the "**ATO Monza Brianza**"). For more details about the IWS, see "—Business" below. The Group is among the main players in the Italian IWS market in terms of population served and water extracted. The Group operates in a geographic area that is among the most industrialised and economically developed in Italy and includes both residents and commuters (as at 31 December 2022, approximately 2.4 million resident inhabitants served for wastewater treatment and about 1.8/1.9 million inhabitants for the aqueduct and sewerage). (*Source*: *Bilancio Sostenibilità – 2022, p. 12-13*).

The management of the Issuer's main operations is regulated by:

(i) a concession agreement dated 20 December 2013 between CAP Holding and the competent office of the ATO Metropolitan Milan (i.e. the *Ufficio d'Ambito*), as subsequently amended on 29 June 2016 (the "**Metropolitan Area of Milan Concession**"); and

(ii) a concession agreement dated 29 June 2016 entered into between CAP Holding and the competent office of the ATO Monza Brianza (i.e. the *Ufficio d'Ambito*) - the "**Monza Brianza Concession**" and, together with the Metropolitan Area of Milan Concession, the "**Concession Agreements**", pursuant to which the Issuer operates as wholesaler in the neighbouring territorial areas (*zone di interambito*) of the Province of Monza and Brianza.

The Concession Agreements will expire on 31 December 2033.

In addition to the above concessions, the Group operates in other minor territories under certain agreements.

The table below shows certain selected financial information of the Group for the years ended 31 December 2022 and 2021.

	For the year ended 31 December	
	2022 IFRS *(audited)*	**2021** IFRS *(audited)*
	In Euro million, except where otherwise stated	
Total revenues	281,623	240,722
Operating expenses	(343,754)	(277,954)
EBITDA[1]	93,480	98,162
% Total revenues	*33.2 %*	*40.8 %*
EBIT[2]	7,085	45,956
% Total revenues	*2.5 %*	*19.1 %*
Net profit of the year	5,631	27,678

Source: Consolidated financial statements for the year ended 31 December 2022

[1] EBITDA is calculated as profit or loss for the year adjusted for the following line items: (i) current, deferred and advanced taxes on the income, (ii) total adjustments, (iii) total financial income and expenses, (iv) amortisation, depreciation and write-downs, (v) provisions for risks and (vi) other provisions. See also "Presentation of Financial Information".

[2] EBIT is calculated as profit or loss for the year adjusted for (i) current, deferred and advanced taxes on the income, (ii) total adjustments, (iii) total financial income and expenses. See also "Presentation of Financial Information".

The Issuer may be contacted by telephone at +39 02 825021 and by email at the following certified email address: capholding@legalmail.it.

In-house company

The Issuer is an in-house company entirely owned by public entities - i.e. the municipalities located in the ATO Metropolitan Milan and by part of the municipalities located in the ATO Monza Brianza, as well as certain municipalities in the provinces of Pavia, Como and Varese (the "**Shareholding Municipalities**") - and is entitled to manage the IWS according to the in-house provision mechanism (see "*Regulation—Water Business—In house providing mechanism and requirements*"), as it meets the following requirements and conditions:

(i) the Shareholding Municipalities own the entire shareholding of the Issuer;

(ii) more than 80 per cent. of the activities of the Issuer relates to the performance of tasks entrusted to it by the Shareholding Municipalities; and

(iii) the Shareholding Municipalities exercise over the Issuer a control similar (*controllo analogo*) to that exercised over their own activities (*servizi*), pursuant to which both strategic objectives and significant decisions of the Issuer are subject to the decisive influence of the Shareholding Municipalities.

In order to ensure that the Shareholding Municipalities may exercise over the Issuer control in a similar way to that exercised over their own activities, as required by point (iii) above, the by-laws of the Issuer provide for the following controlling mechanisms:

- the board of directors, including its chairman, is appointed by the shareholders meeting;
- within the corporate governance structure of the Issuer, a Strategic Guidelines Committee (*Comitato di Indirizzo Strategico*) has been established to allow shareholders to exercise control over the Issuer. The "Strategic Guidelines Committee" is entrusted with the power to define strategic guidelines for the Group;
- the board of directors must periodically provide to the Strategic Guidelines Committee a report on the general operating performance of the Issuer, the main operations in terms of relevance and characteristics carried out by the Issuer or the Group and, in any case, the board of directors reports on the operations in which the members of the board of directors or the board itself shall have an interest on their own or third parties.

Strategy

The Group's mission is to ensure the best quality, sustainability and efficiency standards in its business, operating with a high level of expertise and competitiveness, fulfilling the Shareholding Municipalities guidelines and its mandate as a public service undertaking for the benefit of the communities served.

In order to reach the above mission the Group approved the new Business Plan 2023-2027 (the "**Business Plan**") and a specific Sustainability Plan (the "**Sustainability Plan**").

The Business Plan

The primary business goals of the Group included in the Business Plan are inspired by the concept of sustainable growth, based on the following three pillars:

- Users, services and people. It represents the starting point of the strategy. The water service is the mission of the Group, which will be managed through a program of investment and innovation. It is functional to this strategy the maintenance of the rates of the service and the strengthening of human resources;
- Update the investment plan. The Group's financial and sustainability strategy has enabled to undertake many strategic interventions during the past years. The Business Plan provides for an update of investments in line with the overall amounts provided for in the Program of Interventions (the "**PDI**") approved by ARERA.
- Reducing inefficiencies. The increase of costs and the economic and geopolitical environment require prudence; that is why it is important to reduce costs that are inefficient releasing resources for core activities, maintaining the rates in line with projections and ensuring business growth.

The Group intends to achieve such long-term goals through the implementation of the following principles and actions:

The consolidation of the investment plan

In a moment of a particularly unfavourable economic situation and a future scenario characterised by high uncertainty, the Group reaffirms the centrality of the investment policy within its strategy, confirming a PDI of

Euro 1,009 million by the end of 2033. In addition, there are the investments of the *Piano Nazionale di Ripresa e Resilienza* (the "**PNRR**") Aqueduct and the PNRR District Heating. The Group's innovative role is confirmed also through the implementation of the "European Green Deal" based on the energy and circular economy plan with the first liquid waste treatment plants as well as the realisation of energy efficiency and renewable energy projects, also by means of photovoltaic plants.

The improvement of management efficiency

The need to generate sufficient cash flow to finance investments and operations requires, at a time of maximum growth in inflationary dynamics, extreme focus on the containment of endogenous operational expenditures, primarily those relating to so-called overhead costs. During the planning phase, a careful cost analysis was therefore carried out in order to identify efficiencies for the 2023 budget and in some cases already for the 2024 budget and the following years.

The financing sources of the industrial plan.

The Business Plan envisages that the high resource requirements necessary to ensure the financial equilibrium of operations and to carry out operating and investment activities, largely generated by the exceptional and generalised increases in energy and raw material costs, will be met through: (i) the use of the tariff leverage allowed by the regulatory scheme to which it belongs until the full recovery of the costs incurred through the rate adjustment mechanism, considering that the tariffs applied by the Group are still among the lowest at a national level; (ii) the increase of financial requirements to Euro 275 million, bringing forward by one year (2023 and 2025) the two debt tranches already envisaged in the 2022 Business Plan.

The Sustainability Plan

The primary business goals of the Group included in the Sustainability Plan are inspired by the development of a sustainability strategy aligned with the Business Plan, a decisive step in order to integrate sustainability into business activities through both the involvement of top management and the strengthening of the corporate culture. As part of this path, the group has chosen to develop its sustainability plan around the following three priority guidelines/pillars:

- The "sensitive" pillar addresses the social implications of water resource management, i.e. those related, on the one hand, to the importance of reducing the overall consumption of water (in particular water for non-potable uses) and to promote tap water and on the other hand, the intention to protect the most fragile and disadvantaged users by developing customised, personalised and sustainable services.
- The "resilient" pillar addresses issues related to the prevention of climate change and the impacts that these will have on natural resources (starting with water) and on risks to health and the economy. The reduction of greenhouse gas emissions, the spread of renewables and the transition to a more circular economy are key objectives for reducing climate change and its consequences. Furthermore, the Group also addresses its role with objectives aimed at improving the resilience and security of the territory served and the protection of the water resource, preventing its qualitative and quantitative deterioration and promoting its sustainable use.
- The "innovators" pillar addresses issues related to digital evolution, and thus the consequent change of service models (digital solutions) and organisational processes (digital transformations), and the development of a system of smart networks and plants for an increasingly flexible and efficient integrated water service. The third driver of innovation is directed towards a model of social innovation that suggests more collaborative business approach aimed at the creation of shared value.

The Sustainability Plan has become the starting point of the entire industrial strategy and represents the basis of the dialogue and mediation processes with stakeholders. In particular, the Group's main goals on sustainability are:

- To raise the awareness of the suppliers with regard to sustainability issues, accompanying them on a progressive path of growth;
- To promote sustainability policies through procurement;
- To promote investment in research and innovation.

Sustainability-Linked Financing Framework

CAP Holding has established a Sustainability-Linked Financing Framework in compliance with the 2023 ICMA Sustainability-Linked Bond Principles and the 2023 LMA, APLMA, and LSTA Sustainability-Linked Loan

Principles. In line with the ICMA Sustainability-Linked Bond Principles KPI (Key Performance Indicator) registry, the company has selected three KPIs to gauge its sustainability commitments.

The first KPI (KPI #1) aims at reducing Scope 1 and 2 (direct and indirect) GHG emissions. These includes emissions from internal fossil fuel consumption, operations, fluorinated gases leakage, wastewater treatment, and purchased electricity. This target aligns with the Company's decarbonization strategy, as well as with the more general international objective of climate change mitigation.

The second KPI (KPI #2) involves Scope 3 GHG emissions associated with purchased goods and services, transportation, waste, and other activities related to the company's operations, also with the aim of mitigating climate change consequences.

Lastly, the third KPI (KPI #3) focuses on minimising water leaks compared to the total volume entering the aqueduct system, thereby contributing to the sustainable management of water resource.

The three KPIs discussed above are intrinsically linked to CAP Holding's Sustainability Performance Targets ("**SPTs**"), forming a coherent strategy towards the Company's sustainability objectives. Indeed, SPT #1 sets a target of a 42 per cent. reduction in Scope 1 and 2 GHG emissions to be reached by 2030 compared to the 2021 levels. CAP Holding aims at reaching this target by improving energy efficiency, implementing new technologies as well as undertaking compensatory emission projects to meet the outlined reduction goal. On the other hand, SPT #2 seeks a 25 per cent. reduction of Scope 3 GHG emission by 2030 compared to the 2021 levels through both technological innovation and regulatory support. Lastly, SPT #3 targets a 17 per cent. reduction of water leakages by 2027 through enhanced service quality, investments in leak identification and reduction, and expanded metering coverage.

The interconnection between the Issuer's KPIs and SPTs underscores a cohesive approach in achieving CAP Holding's sustainability ambitions while reflecting a commitment to measure and track progress in vital areas of environmental impact and resource management.

Notwithstanding the above, CAP Holding retains the right to review the framework in response to significant changes in business structure, strategies, data calculation methodologies, or other impactful factors. Furthermore, the Company commits to report KPI performances against its SPTs at least annually on its website or in its Sustainability Reports until the maturity of any outstanding Notes issued under this Prospectus.

The Sustainability-Linked Financing Framework is published on CAP Holding's website, available at: https://www.gruppocap.it/en/investors/sustainability-linked-bond.

As better explained in Condition 3.13 (*Sustainability Interest Rate Adjustments*) above, and in line with the ICMA Sustainability-Linked Bond Principles, please mind that the interest payable in respect of the Notes issued under this Prospectus is linked to the specific sustainable KPIs.

History and development

In 1928 the municipalities of Paderno Dugnano, Limbiate, Cusano Milanino and Cormano established a public entity responsible for the construction of aqueducts. Such public entity was the "Consortium for Potable water for the Municipalities of the basin of Seveso river" (*Consorzio per l'Acqua Potabile ai Comuni del bacino del Seveso*) (the "**Original Consortium**").

In 1932, the Original Consortium was transformed into the Consortium for the Potable Water of the Municipalities of the Province of Milan (*Consorzio per l'Acqua Potabile ai Comuni della Provincia di Milano - CAP*) (the "**Consortium**"), in order to expand its operations within the territory of Milan.

Starting from such year, an increasing number of municipalities decided to entrust the Consortium with the construction and management of their aqueducts: between 1932 and the end of the 1950s, over 130 municipalities joined the Consortium.

In 1994 the Galli Law (see "*Regulatory Framework*") entered into force and the municipalities assembly approved the establishment of a "special undertaking" (*azienda speciale*) under the name of *CAP Milano, Consorzio per l'Acqua Potabile* ("**CAP Milano**").

In May 2000, local authorities in the Province of Milan established and became shareholders of CAP Holding. A year later, in June 2001, CAP Milano was transformed into a company limited by shares (*società per azioni*) and CAP Gestione S.p.A. was incorporated as a subsidiary of the Issuer. In March 2002, CAP Impianti S.p.A., a new subsidiary of the Group, was incorporated.

In 2005, in accordance with relevant legislation requiring direct shareholding of local authorities in companies carrying out local public services, the merger by incorporation of CAP Impianti S.p.A in CAP Holding was approved and carried out.

Since 2008, CAP Holding has been responsible for planning and undertaking investments, and carrying out extraordinary maintenance operations, as well as the strategic management of IWS networks and plants. In addition, in 2008 Amiacque S.r.l. was incorporated as a subsidiary of the Issuer and was tasked with the planning and execution of works on IWS networks and plants.

In 2013 the Group expanded its operations through the merger by incorporation of Ianomi S.p.A., Tam S.p.A. and Tasm S.p.A. in CAP Holding. Such companies responsible for the management of treatment, sewage networks and plants respectively for the northern area of Milan and part of the Province of Monza and Brianza, for the western area of Milan and for the southern area of Milan. As a result of these mergers, the Group became the sole manager of the IWS in the territory of the province of Milan (excluding the Municipality of Milan) and in several municipalities of the provinces of Monza and Brianza, Pavia, Como, Lodi and Varese. However, in 2014, through the demerger of certain assets of CAP Holding for the benefit of the newly established Patrimoniale Idrica Lodigiana S.r.l., CAP Holding exited from the territorial ambit of the Province of Lodi.

On 20 December 2013 the Province of Milan entrusted the management of the IWS on its territory (excluding the Municipality of Milan) to the Group until 31 December 2033.

In April 2015, the Group expanded the territorial scope of its operations in the north-eastern area of the Metropolitan Area of Milan with the merger by incorporation of Idra Milano S.r.l. into CAP Holding.

During 2015, 2016 and 2017, CAP Holding and Brianzacque S.r.l., the manager of the IWS in the Province of Monza and Brianza, have swapped assets in relation to the industrial and commercial activities realised for several municipalities in the north-eastern area of the Metropolitan Area of Milan and in the south-eastern area of the province of Monza and Brianza.

In 2016, the Group was involved in the negotiations relating to the establishment of the network of companies "water alliance – water of Lombardy" ("**Water Alliance**"). Water Alliance aims at fostering collaboration between several in-house providers in the Lombardy region, with a view to improving the performance and the service provided to users and to safeguard the role of the public management of water. The companies involved are Brianzacque S.r.l., Lario Reti Holding S.p.A., Padania Acque S.p.A. of Cremona, Pavia Acque s.c.a.r.l., S.Ec.Am S.p.A. of Sondrio, Società Acqua Lodigiana (SAL) S.r.l. of Lodi, Uniacque S.p.A. of Bergamo. Together with the Issuer they provide IWS services for approximately 5.5 million inhabitants, accounting for more than 50 per cent. of the residents in the Lombardy region.

In 2019, the foundations were laid for a solid collaboration with the manager of the Varese province (Alfa S.r.l.), which culminated in 2020 with the stipulation of a network contract with which the parties started a collaboration aimed at the common goal of improving the management of services in their respective areas public water collection, adduction, distribution, purification for civil use, sewerage and water purification wastewater, as well as promoting the implementation of the inherent organization policies. In 2021 the network contract has allowed Alfa S.r.l. to complete the process to become Integrated Manager of the province of Varese and CAP to share expertise acquired especially in the IT field.

In 2022 it was signed with Alfa S.r.l. an addendum to the network contract for the creation and management of an infrastructural network of sludge biodrying plants. In 2022 CAP Holding S.p.A. continued its intervention in activities not strictly water, although connected, such as the "forsu" project at the industrial symbiosis bio-platform for the valorisation of organic waste" at the Sesto treatment plant, through the vehicle company ZEROC S.p.A. and synergies with others industrial subjects acting in the field of waste for the treatment of the sieve produced by the plants purification, through the corporate vehicle Neutalia S.r.l.

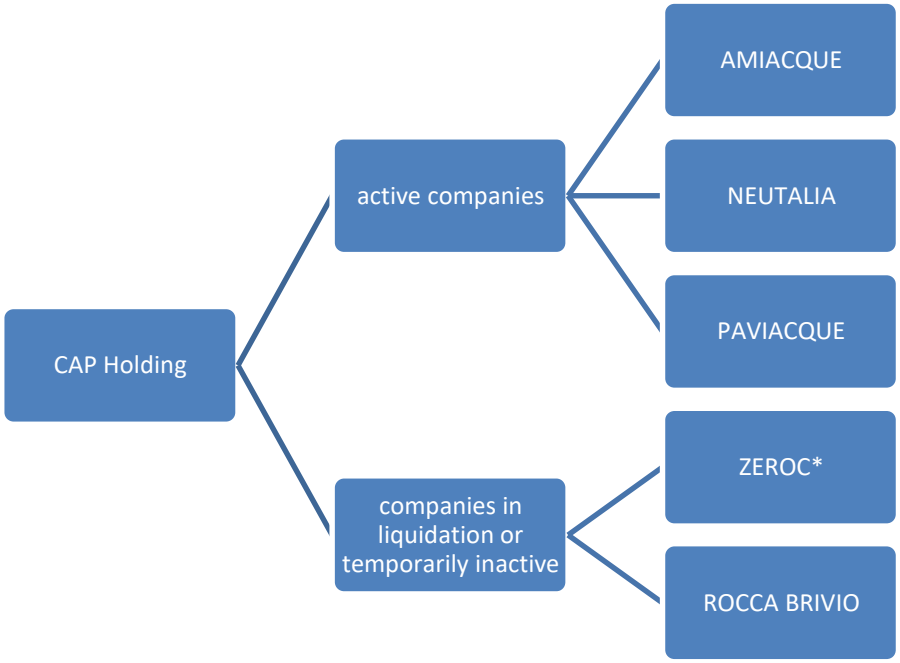
It was still active as of 12.31.2022 in the district of the Metropolitan City of Milan, the "de facto" management operated by Metropolitana Milanese S.p.A. for the aqueduct of the Municipality of Corsico (about 35,000 inhabitants). This management had been judged by the ATO Metropolitan City of Milan as not compliant with the approved organizational and management model. For that reason, the same ATO had long foreseen the regularization through the transfer of the management of the service from MM S.p.A. (manager of the IWS in the municipality of Milan) to Gruppo CAP. By deed dated 27.12.2022, the Group has purchased from the Municipality of Milan, the plants and aqueduct distribution networks located in municipality of Corsico, with effect from 1 January 2023. At the same time CAP Holding S.p.A. proceeded on 30 December 2022 to sign with the company MM S.p.A., former manager of the aqueduct service in the Municipality of Corsico, specific delivery report for the taking over the management of the same service with effect from 1 January 2023.

In 2023 CAP Holding approved a project for the organizational restructuring of the Group which mainly aims to transfer from Amiacque S.r.l. to the parent company CAP Holding S.p.A.: 1) the corporate complex organized to carry out the activity of "aqueduct - sewerage and related activities" (mainly dedicated to the management and ordinary and incremental maintenance of the aqueduct and sewerage networks); 2) all the technical fixed assets of the IWS which remain the property of the demerger (asset allocation), the corporate warehouses, merging the

same with the activities relating to the IWS already directly carried out and owned by the parent company; letting the company Amiacque S.r.l. can focus its work more on the management and maintenance of the purification plants and the search for synergies with the complementary or ancillary activities with the latter activity, and, at the same time, centralizing on the parent company all the management activities relating to the IWS networks, today divided within the group. The demerger deed was stipulated on 31 July 2023(deed in the repertoire no. 78688 of the Notary AJELLO Stefano of Milan). This reorganization will take effect from the last day of the year 2023.

Group Structure

The following diagram illustrates the current "corporate" equity investments of the Group in companies as at 31 December 2022.



(*) pending completion of plant work.

CAP Holding manages the networks and plants for the IWS under the Concession Agreements and is responsible for strategy and financial control over such IWS business. It focuses on the planning and implementation of investments in the water infrastructures in compliance with the Concession Agreements.

As of the date of this Prospectus, the Group includes the Issuer which is the parent company, and the following companies:

- AMIACQUE S.r.l., with registered office in Milan, enrolled in the Companies' Register under REA No. 1716795, tax code and VAT no. 03988160960, with share capital of Euro 23,667,606.16 owned for Euro 23,667,606.16, equal to 100.00 per cent. as at 31 December 2022. The company is subject to the management and coordination of CAP Holding S.p.A.;
- Rocca Brivio Sforza S.r.l. in liquidation (as from 21 April 2015), with registered office in Milan, enrolled in the Milan Companies' Register under REA No. 1130781, tax code and VAT no. 07007600153, with fully paid-up share capital of Euro 53,100.00 owned for Euro 27,100.12 holdings, equal to 51.04 per cent. as at 31 December 2022.

CAP Holding also holds equity investments in the following company:

- PAVIA Acque S.c.a.r.l., with registered office in Pavia, enrolled in the Pavia Companies' Register under REA No. 0256972, tax code and VAT no. 02234900187, with fully paid-up share capital of Euro 15,048,128 owned for Euro 1,519,861, equal to 10.1 per cent. as at 31 December 2022. Pursuant to Article 2359 of the Italian Civil Code, the company is not related to CAP Holding S.p.A. The company operates in the integrated water service management sector;
- ZEROC S.p.A., with registered office in Sesto San Giovanni (MI), enrolled in the Milan Companies' Register under REA No. 1501332, tax code and VAT no. 85004470150 (formerly CORE S.p.A.), with fully paid-up share capital equal to Euro 2,000,000.00 owned for Euro 1,600,000, equal to 80 per cent. as at 31

December 2022. The remaining 20 per cent. of the capital is owned by the municipalities of Sesto San Giovanni (MI), Cologno Monzese (MI), Cormano (MI), Pioltello (MI), Segrate (MI) and Cinisello Balsamo (MI). The company's main corporate purpose is waste management;

- NEUTALIA S.r.l., with registered office in Busto Arsizio (VA) enrolled in the Varese Companies' Register under REA No. VA-383041, tax code and VAT no. 03842010120, with fully paid-up share capital equal to Euro 500,000 owned for Euro 165,000, equal to 33 per cent. as at 31 December 2022. The remaining capital is distributed as follows: Euro 165,000.00 to AGESP S.p.A. of Busto Arsizio (VA), Euro 165,000 to Alto Milanese Gestioni Avanzate S.p.A. (also known as Amga S.p.A.) of Legnano (MI), Euro 2,500 to AEMME LINEA AMBIENTE S.r.l. (also ALA SRL) of Magenta (MI) (the latter, in turn, subject to management and coordination and controlled by Amga S.p.A.), for Euro 2,500 to ASM AZIENDA SPECIALE MULTISERVIZI S.r.l. of Magenta (MI). The company operates in the sector of circular economy management of municipal solid waste and its differentiated fractions, hazardous municipal waste, hazardous and non-hazardous special waste and all waste in general (including waste from plants connected to the integrated water service).

Only AMIACQUE S.r.l. has been consolidated line-by-line with CAP Holding S.p.A., it being maintained that:

- with regard to Rocca Brivio S.r.l. in liquidation (whose corporate purpose involves the "safeguarding and enhancement of the historic monumental complex of Rocca Brivio"), in accordance with IFRS 10, there is no effective control by CAP Holding S.p.A. due to the lack of material rights that assign the power to manage the significant activities of the investee company in such a way as to influence its returns.
- with regard to the company ZEROC S.p.A., the local authority shareholders jointly exercise control over the company similar to that exercised over their own services and a decisive influence on the Company's strategic objectives and significant decisions. In this sense, despite the majority shareholding held by CAP Holding S.p.A., ZEROC S.p.A. is not controlled by the latter.
- the company NEUTALIA S.r.l. is under the joint control of its shareholders (essentially as a joint venture) and is recognised in the financial statements of CAP Holding S.p.A. using the equity method (para. 10 of IAS 28), as permitted by IAS 31, para. 38.

Business

The Group operates in the IWS business providing services in the Relevant ATOs. The Group's activities can be summarised as follows:

- *Aqueduct*. Includes management of water supply, water treatment, water distribution to clients (including through 197 water kiosks located in several Shareholding Municipalities), wells (for irrigation of public green areas) management; and
- *Sewage*. Includes sewage network management and the collection of industrial and household wastewater; and
- *Treatment*. Includes treatment of wastewater and its reuse or return to the environment.

The Issuer also performs the following activities in the context of the IWS managed pursuant to the Concession Agreements:

- customer management activities, mainly consisting of: (i) billing and commercial activities, (ii) customer connection and metering and (iii) customer relationship management; and
- laboratory testing and controls, related to water quality control and laboratory chemical analyses, as well as wastewater and purification plant controls.

The geographical area in which the Issuer operates is entirely located in the Lombardy region in Northern Italy and consists of (i) the Metropolitan Area (città metropolitana) of Milan, excluding the municipality of Milan, where the Group manages the local IWS service; (ii) the eastern districts of the municipality of Milan, where the Group operates as wholesaler for wastewater purification; (iii) round about 40 municipalities of the Province of Monza and Brianza where the Group operates as wholesaler for production and transport of drinking water (water backbones from the Pozzuolo Martesana and Trezzo sull'Adda plants), and/or the purification service and collection of wastewater (to the purifiers of Cassano d'Adda, Pero, Peschiera Borromeo and Truccazzano); (iv) about 20 municipalities in the Province of Pavia (through Pavia Acque, which manages the local IWS service and which commissions the CAP Group to perform certain operational activities); (v) the municipality of Castellanza (where the Group manages the IWS service) in the Province of Varese; (vi) the municipality of Cabiate and a part of the municipality of Mariano Comense in the Province of Como, where the Group manages water treatment

service activities only; (vii) three municipalities of the Province of Lodi (where the Group manages wastewater purification, through the San Colombano al Lambro purifier).

The Issuer carries out its activities on the basis of concessions granted by local authorities. For a description of the main concessions operated by the Group, see "*Key Contracts and Concession*".

As of 31 December 2022, the Group served approximately 288,782 non-industrial customers and 812 industrial customers. The table below shows the number of municipalities and inhabitants covered by the operations of the Group as of 31 December 2022.

Services	Municipalities	Inhabitants[(1)]
Aqueduct	133	1,845,422
Sewage	133	1,879,451
Treatment	154	2,412,800

(1) Source: Group's 2022 sustainability report

The services of the Group are performed in accordance with high quality standards: to this end, the Group has obtained UNI EN ISO 9001 quality certification, UNI EN ISO 14001 environmental certification, UNI EN CEI ISO 50001 energy management certification, SA 8000, UNI EN ISO 45001, occupational health and safety management systems. The Issuer has obtained the ISO 17025 accreditation for some Laboratories. The Issuer is also certified ISO 22000 for the management of water kiosks.

The Carbon Footprint for the year 2021 has also been confirmed in relation to the emissions of the Group companies. Finally, the certification concerning circular economy projects according to the AFNOR XPX30-901 standard is also confirmed.

Aqueduct

Water supply and distribution

The Group's aqueduct operations involve the extraction of fresh water, its preparation for human consumption (in case of drinkable water) and then its distribution and sale directly to retail users. Water distributed by the Group is extracted from 722 wells drawing water from deep underground aquifers (approximately 100 meters underground); raw water is then treated in order to be safe for drinking and then pumping stations feed the system for a total final supply to users, which in 2022 was equal to approximately 191 million cubic metres.

The total length of the distribution network is approximately 6,461 kilometres as of 31 December 2022. Water pipes are mainly made of steel, cast iron and ductile iron, with diameters ranging between 50 mm and 800 mm. The Group operates also 197 water kiosks located in 130 Shareholding Municipalities, allowing inhabitants to draw drinkable water from the distribution system.

The Group's water distribution system comprises several inter-connected networks and plants, which are connected to various sources in order to ensure a continuous supply of water even if a particular source or plant is affected by a temporary interruption or shutdown. In particular, the Group owns several surge tanks as reservoirs allowing the Group to store excess water in the distribution system (e.g. during periods of reduced water consumption, such as at night), to meet increases in water demand from the distribution system as well as to control the water pressure in the distribution system.

In addition, the Group operates several low-depth aquifers (up to 50 meters underground) drawing water for non-drinkable uses and especially for agricultural purposes.

Water treatment

Before being distributed to customers and final users, approximately 61 per cent. of water extracted from wells is subjected to specific treatment in order to reduce or eliminate compounds and substances exceeding the limits permitted under applicable law. At each of the pumping stations raw water from wells is treated in function of the specific-site characteristics and disinfected in order to eliminate viruses and bacteria. The remaining 39 per cent. of water extracted can be distributed without specific treatments due to its chemical, physical and microbiological characteristics.

In order to ensure drinking water quality, the Group performs a high number of laboratory controls in its laboratories and onsite, both at plants and stations and along the distribution network. In 2022, the Group's

laboratories analysed approximately 18,8 thousand samples, for a total of more than 728 thousand parameters, including chemical, physical and microbiological indicators.

Monitoring distribution network

The Group regularly monitors its distribution network through periodic inspections and preventive tests, in accordance with the Group's leakage control plan, aimed at establishing the durability of the Group's plants and equipment, as well as through periodic performance tests aimed at verifying the distribution network's operating pressure, capacity and leaks.

In 2022, according to the calculation method of the ARERA (indicator "m1b", i.e. relationship between volume of total water losses and total volume entering the aqueduct system in the year considered), the Group's network losses, on average, were equal to 20,49 per cent., below the national average (40,7 per cent. in 2021, *source*: ARERA Memoria 178/2023/I/IDR, p. 10).

Sewage

Sewage network

Wastewater managed under the Group's operations can be classified as follows:

- domestic or non-industrial wastewater produced by households and small offices and containing both organic substances and substances derived from products used for domestic cleaning and personal hygiene (sometimes referred to as black wastewater);
- industrial wastewater, released during production processes and typically containing a high concentration of pollutants; and
- meteoric wastewater produced by climatic conditions (i.e. rainwater, floods etc.) collected from road drains and gutters (sometimes referred to as white wastewater).

Maintenance of sewage network

The Group provides for the disposal of urban sewage through its network including over 6,528 km of pipeline, as of 31 December 2022. Sewage systems requires ordinary and extraordinary maintenance, which is either performed by Group's employees or is outsourced. Regular ordinary maintenance operations consist of monitoring the efficiency of the elevation plants, removing sediment and obstacles that may obstruct water flows and repairing public manholes. Extraordinary maintenance operations include renovation, restructuring or repairs to improve operating conditions, hydraulic efficiency and the safety of the network. The Group employs specialised internal maintenance technicians for the supervision of ordinary and extraordinary operations and outsources to selected firms a relevant part of the maintenance works. The Group defines a specific periodic program for sewage network inspection and cleaning, performed both by internal and outsourced teams.

Treatment

Treatment service management

The treatment services of the Group include the construction, management and maintenance operations related to urban wastewater (domestic and industrial) treatment plants connected to sewage networks. In order to restore water quality to the appropriate level for the final user, the purification activity includes sludge treatment. As of 31 December 2022, the Group operated 40 treatment plants.

The Group's treatment service is subject to stringent final drainage quality levels. The disposal of the residual sludge produced by the Group's treatment plants is usually targeted at agricultural or energy recovery uses.

Maintenance of wastewater purification plants

The Group is responsible for the ordinary and extraordinary maintenance of its treatment plants. The Issuer monitors its main plants 24 hours a day with assistance during business hours by a specialist staff.

The other plants are monitored through regular visits, third party services for maintenance and inspections and a remote control system, which is used to monitor the operational efficiency and status of all its plants.

The Issuer conducts quality, environment and product quality control on treated water and residual wastewater. The Issuer monitors and tests the chemical, physical and microbiological characteristics of its fresh water to ensure compliance with current environmental standards.

Investments

The Group's investment policies are aimed at the renewal, strengthening and modernisation of its IWS assets through the extraordinary maintenance of existing assets and building of new assets, in order for the Group to reach higher quality service standards, in line with both national and international best practices.

The Group's investments in tangible and intangible fixed assets increased from Euro 105,3 million in 2020, to Euro 127,2 million in 2021 and Euro 129,2 million in 2022, marking a new record. In the same period, the investments/inhabitants (considering approximately 1.9 million) index improved to Euro 69.47 in 2022 from Euro 68.28 in 2021 and Euro 56.77 in 2020.

In 2022, business units and/or universality of "used" goods (built by former operators) were purchased totalling Euro 1,404,481. The transaction concerning the Corsico aqueduct (already commented on above) took effect in 2023, with payment being made as an advance in December 2022.

These additional components were zero for 2021 and 2020.

All the investments mentioned above were carried out by the CAP Group.

Year 2022	**Investment from processing**
Parent Company	128,713,667
Amiacque S.r.l.	564,206
Group total	**129,277,874**

Also, the amount invested per inhabitant indicator (estimated at around 1.9 million) reported a value of Euro 69.47, despite it being still distant from the European average of Euro 100 per inhabitant, in the presence however of an average higher tariff of Euro 4 per cubic metre.

The investments almost all concern infrastructures dedicated to the integrated water service.

Investments, within the organisational logic of the Group, are mainly seen to by the Issuer, which undertakes the most complex part (in general public works, site supervision and safety projects).

The important sums planned and realised by the Issuer in the last two years are shown below.

	2022	**2021**
planned:	61,517,131	89,130,805
completed:	53,624,175	65,207,647

The above 2022 total investments can be divided up also by segment, as follows (in Euro):

ACQUEDUCT	SEWERAGE	WASTEWATER TREATMENT	COMPANY GENERAL	OTHER WATER ASSETS	ADDITIONAL CIRCULAR ECONOMIES	TOTAL
45,764,293	26,752,602	30,373,832	21,191,716	2,322,868	2,872,562	129,277,874

As shown above, the Group investments mainly refer to the completion of projects aimed at energy saving, information technology and extraordinary maintenance of premises; the investments in "Other Water Assets", by contrast, mainly refer to the construction of water houses and surface groundwater wells. These types of interventions testify to the Company's commitment to invest not only in water infrastructures, but also in works whose purpose is to achieve a saving for the municipalities in the use on non-drinking water and, consequently, a correct use of the water resource. Such additional investments are all connected to the IWS.

The Group has approved an investment plan for the period 2023-2027 (the "**Investment Plan**"), it is made by following medium-long term objectives that inspired CAP Holding strategy and that are in coherence with international guidelines, European, national, regional and local regulations, as well as with the critical issues classification of the PDI established by ARERA:

1. water leaks (M1);

2. service interruptions (M2);
3. quality of water supplied (M3);
4. adequacy of sewerage system (M4);
5. sludge disposal in landfills (M5);
6. quality of purified water (M6).

In addition, the Investment Plan includes also the category (i) "Contractual Quality Objectives RQSII" to which the investments linked to the macro-indicators of Contractual Quality introduced by ARERA are associated. Such macro-indicators are subject to a rewards and penalties mechanism; and (ii) "Other objectives other than the RQTI-RQSII standards", which includes important interventions, placed under this item only because they cannot be attributed to one of the objectives precisely identified by technical quality and contractual quality, but which are nevertheless to be considered strictly connected to the provision of the IWS.

Furthermore, the Investment Plan includes the development of a "circular economy" policy connected to the IWS. Circular economy is based on a sustainable, competitive, low carbon approach with the aim of recovering materials, resources and energy, as well as reducing waste production.

Within an evolving European and Italian regulatory framework, the Group believes that the IWS can play a lead role in the circular economy through the recovery and reuse of waste originated by industrial and agricultural production cycles.

In particular, the IWS activities of the Group can recover materials, organic chemicals (like biopolymers or cellulose) and nutrients (like phosphorus), to be reused in industry or agricultural processes, in accordance with European Regulation EUCOM (2016) 15 on the use of organic fertiliser, whose aim is to enhance the large-scale production into the European Union of fertiliser obtained by national, organic or secondary raw materials, in accordance with the circular economy model, thanks to waste processing.

Finally, wastewater can also be used for the production of energy or bio fuels, like bio methane, usable for car traction.

The economic, environmental and social impact of these projects is further important for the territory in which the Group operates due to a lack of self-sufficiency in plants dedicated to organic waste treatment as a consequence of the increasing recycling in the cities of Metropolitan City of Milan.

In light of this, the Group's existing treatment plants, subject to an optimisation and renovation process, can represent the focal point of the development of a long-term strategic plan for the management, treatment and recovery of sludge and organic waste.

Financing

As of 31 December 2022, the Group had Euro 225,349,220 million of total financial indebtedness.

Set forth below is a description of the Group's significant indebtedness outstanding as of the date of this Prospectus.

Long-term facility agreement with Banca OPI S.p.A. (now Intesa Sanpaolo S.p.A.)

On 29 May 2006 the Issuer entered into a facility agreement (the "**ISP 2006 Agreement**") for a maximum total amount equal to Euro 20 million (Euro 5,661,935 outstanding as of 31 December 2022 measured using the amortised cost method) entered into, by and between the Issuer, as borrower, and Banca Opi S.p.A. (now Intesa Sanpaolo S.p.A.) ("**ISP**") as lender.

Maturity and repayment requirements

The loan is repayable in 2 pre-amortised instalments and 40 instalments payable every six months, with the last instalment due on 31 December 2026.

Prepayment

Voluntary prepayments under the ISP 2006 Agreement are permitted and are subject to certain conditions, limitations and payment of breakage costs.

Furthermore the ISP 2006 Agreement includes also mandatory prepayment provisions related, among other things, to the following events: (i) the Issuer makes certain voluntary prepayment, in whole or in part, of any financing other than the ISP 2006 Agreement, that could not allow the repayment of the present debt; (ii) the Issuer lacks the punctual and integral satisfaction of any obligations assumed under the ISP 2006 Agreement; (iii) failure to

reimburse all the amounts due under the contract and/or in connection with the contract; (iv) the public shareholders of the Issuer cease to own, directly or indirectly, a participation at least equal to 51 per cent. of the share capital of the Issuer; (v) declaration of bankruptcy, other concurrency procedures or executive procedures of the Issuer; (vi) cessation of the Issuer or substantial modification of its business. Mandatory prepayment is subject to payment of breakage costs too, up to 2 per cent. of the ISP's outstanding credit.

Interest rate

The interest rate is fixed and is equal to 4.7960 per cent. *per annum*. The Issuer pays accrued interest on the loan on the last day of each interest period, which occurs every six months.

Security or other creditor's protection mechanisms

The Issuer has undertaken under the ISP 2006 Agreement to credit into a bank account held with ISP (the "**ISP Bank Account**"), amounts of cash in order to ensure the regularity of the payments under the loans.

In addition, the Issuer granted irrevocable instructions and a mandate to ISP on each relevant semi-annual repayment date, to use such cash credit on the ISP Bank Account, up to the amounts due, for the repayment of the relevant six-monthly instalment (and the relevant interests).

Covenants

The ISP 2006 Agreement contains certain customary covenants. Such covenants include, inter alia that the Issuer must: (i) provide certain financial and other information including annual financial statements; (ii) the Issuer undertakes to allocate the sums deriving from this funding solely for the realization of the investment plan 2004/2006 and to provide the ISP any information on the progressive realization of these investments.

No pledge over the balance of the ISP Account is granted in favour of ISP.

Withdrawal rights and termination events

The ISP 2006 Agreement contains customary withdrawal rights and termination events, including, inter alia: (i) failure to pay any principal or interest when due; (ii) failure to comply with certain provisions of the ISP 2006 Agreement; (iii) insolvency proceedings; (iv) reduction of the share capital of the Issuer which could have a significant impact on the repayment of the existing debt.

Long-term facility agreement with Banca Intesa Infrastrutture e Sviluppo S.p.A. (now Intesa Sanpaolo S.p.A.)

On 14 October 2010 T.A.S.M. S.p.A. (a company that has been merged by incorporation to the Issuer in May 2013) entered into a facility agreement (the "**ISP 2010 Agreement**") for a maximum total amount equal to Euro 16 million (Euro 8,476,458 outstanding as of 31 December 2022 measured using the amortised cost method) entered into by and between the Issuer, as borrower, and Banca Intesa Infrastrutture e Sviluppo S.p.A. (now ISP) as lender.

Maturity and repayment requirements

The loan is repayable in 5 pre-amortised instalments and 34 instalments payable every six months, with the last instalment due on 30 November 2029.

Prepayment

Voluntary prepayments are permitted and are subject to certain conditions, limitations and payment of breakage costs. The ISP 2010 Agreement includes also a mandatory prepayment provision related to the following event: if the Issuer receives insurance reimbursements, with a deductible of 100,000 euros, except for the replacement or repair of the instrumental property affected by the claim that caused the repayment.

Interest rate

The interest rate is fixed and is equal to 5.761 per cent. *per annum*. The Issuer pays accrued interest on the loan on the last day of each interest period, which occurs every six months.

Security or other creditor's protection mechanisms

The loans under the ISP 2010 Agreement benefit from a pledge on a bank account on which the tariff proceeds from the IWS formerly managed by T.A.S.M. S.p.A. are credited. In addition, the Issuer granted irrevocable instructions and a mandate to ISP to use the amounts credited on the pledged bank account for the repayment of the loans under the ISP 2010 Agreement.

Covenants

The ISP 2010 Agreement contains certain customary affirmative and negative covenants. Such positive obligations include*, inter alia*: i) to comply with all the regulations, communicating to the Bank any action filed against the Issuer, taking any action to oppose and to regularize its position; ii) maintain assets in good condition while maintaining adequate insurance cover; iii) keep in force authorizations, licenses, permissions for the exercise of its activity, in order to fulfil the ISP 2010 Agreement; iv) obligation to notify the ISP of any technical, administrative/legal/corporate change, even if known, including warranty information which may affect the ISP's rights in relation to the ISP 2010 Agreement; v) obligation to notify the ISP of any breach under the ISP 2010 Agreement or of any circumstance that may give rise to non-fulfilment, specifying remedies that are to be taken. Negative Obligations include*, inter alia*: i) do not modify Issuer's By-Laws without the prior consent of the Bank; ii) not cease, reduce or modify its business as appreciable as at the date stipulated if this could affect the fulfilment of the ISP's credit requirements; iii) do not constitute separate assets within the meaning of articles 2447-*bis* and following of the Civil Code. Obligations to provide information: i) communicate to the Bank annual reports, with statutory reports; ii) send to the Bank the agenda of the day and, subsequently, minutes of extraordinary meetings; iii) provide the Bank with declarations, documentation and any other information or data on its financial and economic condition that the ISP may reasonably require.

Withdrawal rights and termination events

The ISP 2010 Agreement contains customary withdrawal rights and termination events, including, *inter alia*: (i) failure to pay any principal or interest when due; (ii) failure to comply with certain provisions of the ISP 2010 Agreement; (iii) starting of proceedings which may impair the solvency or the operations of the Issuer, including insolvency or liquidation proceedings; (iv) misrepresentation; (v) extraordinary transactions not approved by the lender; (vi) cross default; and (vii) material adverse effects.

Other loans

The indebtedness to banks as at 31 December 2022 also include:

- Euro 10,000,000 at nominal value for a loan with Mediobanca Banca di Credito Finanziario S.p.A., acquired in 2021 by CAP Holding S.p.A. The redemption plan has expired on May 2023;
- Euro 2,991,942 measured using the amortised cost method for a loan with Banco BPM, acquired in 2015 by Amiacque S.r.l. The redemption plan expires on 2028;
- Euro 1,615,385 at nominal value for a loan with Banca Nazionale del Lavoro, acquired in 2015 by CAP Holding S.p.A., from the merger by incorporation into CAP Holding s.p.a. of IDRA Milano S.r.l. with effect from 01.05.2015. The redemption plan expires on 2026;
- Euro 1,076,688 at nominal value for a loan with Monte dei Paschi di Siena, acquired in 2013 by Amiacque S.r.l., with the business unit of AMAGA together with the Abbiategrasso headquarters, which was purchased with the loan in question. A voluntary mortgage is registered as security for the loan on the Abbiategrasso building. The redemption plan expires on 2029.

Long-term facility agreement with European Investment Bank

The Issuer as borrower and the European Investment Bank ("**EIB**") as lender on 13 October 2014 entered into a long-term facility agreement for a maximum total amount equal to Euro 70 million (the "**EIB Financing 2014**") to partly finance investments and works required under the Investment Plan of the Issuer pursuant to the Concession Agreements. See also "– *Investments*" above.

As of the date of this Prospectus, the Issuer has drawn Euro 70 million (i.e. the full amount available) under the EIB Financing 2014. The outstanding debt as of 31 December 2022 is equal to Euro 52,483,424 at nominal value.

Maturity and repayment requirements

The EIB Financing 2014 is repayable in full no later than 31 December 2032. Each tranche shall be reimbursed, on an annual, semi-annual or quarterly basis, on the dates specified under the confirmation of utilization issued by EIB. In any case, the last repayment date for each tranche will coincide with a payment date that is no earlier than 4 years and no later than 15 years from the expected drawdown date and, in any event, may not be made after 31 December 2032.

Prepayment

Voluntary prepayments are permitted and are subject to certain conditions, limitations and payment of breakage costs.

Furthermore the EIB Financing 2014 includes also mandatory prepayment provisions related, among other things, to the following events: (i) the Issuer makes certain voluntary prepayment (including cancellation), in whole or in part, of any financing other than the EIB Financing 2014; (ii) reduction of the total cost of the project financed so that the EIB's credit amounts to more than 50 per cent. of such cost; (iii) the public shareholder(s) of the Issuer cease to own, directly or indirectly, a participation at least equal to 51 per cent. of the share capital of the Issuer (or in any case the minimum participation required for the purpose of the in house providing) (iv) an entity or a group of entities acting in concert acquire control over the Issuer or the entity directly or indirectly controlling the Issuer; (v) expiry of the guarantee before the last repayment date of the loan; (vi) change in law event; or (vii) termination of the Metropolitan Area of Milan Concessions.

Interest rate

For each tranche of the EIB Financing 2014 the Issuer is entitled to decide between a fixed interest rate (equal to the interest rate fixed by the competent EIB body *per annum*) or a floating rate (equal to Euribor + the spread fixed by the competent EIB body *per annum*) - both the fixed interest rates and the spread include the margin of 9 basis points.

On an annual, semi-annual or quarterly basis (as specified in the relevant utilisation request for each tranche), the Issuer pays accrued interest on the loan starting from the first payment date of the drawn tranche following the relevant utilisation date.

Security or other creditor's protection mechanisms

The EIB Financing 2014 is secured by a specific warranty contract from CDP. The amount of the warranty is calculated on the outstanding debt under the EIB Financing 2014 at the beginning of each semester, increased by 15 per cent., applying the annual amount of 1.35 per cent. The payment of the guarantee fee is payable on a six-monthly basis, parallel with the amortization of the principal debt.

The EIB Financing 2014 is also secured by an assignment of the Issuer's receivables arising from the reimbursement of the residual value of the assets relating to the Metropolitan Area of Milan Concessions in respect of (i) new entrants; (ii) those subjects including the ATO Metropolitan Milan, who are required to pay the sums due in any event for repayment of the residual value of the assets.

Covenants

The EIB Financing 2014 contains certain customary affirmative and negative covenants, subject to customary qualifications, exceptions and thresholds. Such covenants include, inter alia: (i) the provision of certain financial and other information, including annual audited financial statements; (ii) compliance with laws and regulations; (iii) a negative pledge; (iv) certain financial covenants; (v) ongoing commitments in relation to the Project; limits on the project costs increase; limits to the use of the project and its completion; (vi) giving notice of any event which could have a material adverse effect on the execution and management of the water service; (vii) certain restrictions on assets disposal (subject on exceptions and thresholds) without EIB's prior written consent; (viii) certain restrictions on merger/acquisitions without EIB's prior written consent; (ix) most preferred lender clause.

Events of default

The EIB Financing 2014 contains customary events of default, which are subject to customary thresholds and other qualifications, exceptions and/or grace periods, as appropriate, including, *inter alia*: (i) failure to pay any principal or interest under the EIB Financing 2014 when due; (ii) failure to comply with certain provisions of the EIB Financing 2014; (iii) untruthfulness or incorrectness of representations and warranties; (iv) failure to pay any amount under any other financial indebtedness (v) cross default (vi) insolvency and declaration of bankruptcy and (vii) termination of the Concessions.

Cassa Depositi e Prestiti guarantee on EIB Financing 2014

As already explained above, the EIB Financing 2014 is secured by a specific warranty contract from CDP. The amount of such guarantee as at 31 December 2022, is equal to Euro 3,659,572 (of which Euro 801,491 current portion and Euro 2,858,082 non-current portion), and it is related to the total charge linked to the guarantee commissions due to CDP as guarantor, calculated in proportion to the actual drawdowns on the guaranteed EIB Financing 2014, paid periodically until the guaranteed loan expires.

Long-term facility agreement with European Investment Bank

The Issuer as borrower and the EIB as lender on 11 April 2022 entered into a long-term facility agreement for a maximum total amount equal to Euro 100 million (the "**EIB Financing 2022**") to partly finance investments and works required under the Investment Plan of the Issuer pursuant to the Concession Agreements. See also "– *Investments*" above.

As of the date of this Prospectus, the Issuer has drawn Euro 100 million (i.e. the full amount available) under the EIB Financing 2022. The outstanding debt as of 31 December 2022 is equal to Euro 99,910,140 measured using the amortised cost method.

Maturity and repayment requirements

The EIB Financing 2022 is repayable in full not later than June 2040. Each tranche shall be reimbursed, on an annual, semi-annual or quarterly basis, on the dates specified under the confirmation of utilization issued by EIB. In any case, the last repayment date for each tranche will coincide with a payment date that is no earlier than 4 years and no later than 15 years from the expected drawdown date and, in any event, may not be made after June 2040.

Prepayment

Voluntary prepayments are permitted and are subject to certain conditions, limitations and payment of breakage costs.

Furthermore the EIB Financing 2022 includes also mandatory prepayment provisions related, among other things, to the following events: (i) the Issuer makes certain voluntary prepayment (including cancellation), in whole or in part, of any financing other than the EIB Financing 2022; (ii) reduction of the total cost of the project financed so that the EIB's credit amounts to more than 50 per cent. of such cost; (iii) the public shareholder(s) of the Issuer cease to own, directly or indirectly, a participation at least equal to 51 per cent. of the share capital of the Issuer (or in any case the minimum participation required for the purpose of the in house providing) (iv) an entity or a group of entities acting in concert acquire control over the Issuer or the entity directly or indirectly controlling the Issuer; (v) expiry of the guarantee before the last repayment date of the loan; (vi) change in law event; or (vii) termination of the Metropolitan Area of Milan Concessions.

Interest rate

For each tranche of the EIB Financing 2022 the Issuer is entitled to decide between a fixed interest rate (equal to the interest rate fixed by the competent EIB body *per annum*) or a floating rate (equal to Euribor + the spread fixed by the competent EIB body *per annum*) - both the fixed interest rates and the spread include the margin of 23 basis points.

On an annual, semi-annual or quarterly basis (as specified in the relevant utilisation request for each tranche), the Issuer pays accrued interest on the loan starting from the first payment date of the drawn tranche following the relevant utilisation date.

Covenants

The EIB Financing 2022 contains certain customary affirmative and negative covenants, subject to customary qualifications, exceptions and thresholds. Such covenants include, inter alia: (i) the provision of certain financial and other information, including annual audited financial statements; (ii) compliance with laws and regulations; (iii) a negative pledge; (iv) certain financial covenants; (v) ongoing commitments in relation to the Project; limits on the project costs increase; limits to the use of the project and its completion; (vi) giving notice of any event which could have a material adverse effect on the execution and management of the water service; (vii) certain restrictions on assets disposal (subject on exceptions and thresholds) without EIB's prior written consent; (viii) certain restrictions on merger/acquisitions without EIB's prior written consent; (ix) most preferred lender clause.

Events of default

The EIB Financing 2022 contains customary events of default, which are subject to customary thresholds and other qualifications, exceptions and/or grace periods, as appropriate, including, *inter alia*: (i) failure to pay any principal or interest under the EIB Financing 2022 when due; (ii) failure to comply with certain provisions of the EIB Financing 2022; (iii) untruthfulness or incorrectness of representations and warranties; (iv) failure to pay any amount under any other financial indebtedness (v) cross default (vi) insolvency and declaration of bankruptcy and (vii) termination of the Concessions.

Bonds issuance

On 2 August 2017 CAP Holding S.p.A. issued a Euro 40 million non-convertible bond, represented by 400 bearer bonds with nominal value of Euro 100,000 due on 2 August 2024 (ISIN code: XS1656754873), in accordance with a resolution of the board of directors dated 10 July 2017.

As of 31 December 2022, the residual capital, at nominal value, amounted to € 11,428,580, and at amortised cost it amounted to € 11,400,370.

Interest rate

The bonds bear interest at a fixed rate equal to 1.98 per cent. per annum payable annually in arrear on 2 August in each year commencing on 2 August 2018.

The bonds will cease to bear interest on their maturity date or the date of early redemption (if applicable), unless payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of the bond up to that day are received by or on behalf of the relevant bondholder and (b) the day which is seven days after the fiscal agent has notified the bondholders that it has received all sums due in respect of the bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable in respect of each bond for any interest period are calculated by applying the rate of interest to the principal amount outstanding of such bond and rounding the resulting figure to the nearest cent. (0.005 being rounded upwards). If interest is required to be calculated for any other period, it will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

Amortisation and redemption

The bonds are repayable at par and without any deduction in 7 instalments, which are payable in arrear on any interest payment date starting from 2 August 2018 until 2 August 2024, without prejudice to the cases of early repayment governed by the regulation of the bonds.

Covenants

The 2017 bonds issuance documentation contains certain customary affirmative and negative covenants, subject to customary qualifications, exceptions and thresholds. Such covenants include, inter alia: (i) the provision of certain financial and other information, including annual audited financial statements; (ii) compliance with laws and regulations; (iii) a negative pledge; (iv) certain financial covenants;

Events of default

The 2017 bonds issuance contains customary events of default, which are subject to customary thresholds and other qualifications, exceptions and/or grace periods, as appropriate. If certain events occur – such as non-payment, breach of obligations, defaults, insolvency, or cessation of business – the holders of the 2017 bonds have the right to declare the entire amount due and payable.

Guarantees

As at 31 December 2022, guarantees to third parties amounted to Euro 78,727,940.

Share capital and Shareholders

As of 31 December 2022, the Issuer had share capital of Euro 571,381,786.00 fully paid up and consisting of 571,381,786.00 ordinary shares with a nominal value of Euro 1.00 each. Since 31 December 2022, there have been no changes to the Issuer's share capital. Shares in the Issuer are held by 197 shareholders. 195 shareholders are municipalities divided as follows: 133 municipalities located in the Metropolitan Area of Milan, 40 municipalities located in the Province of Monza and Brianza, 20 municipalities in the Province of Pavia, one municipality in the Province of Como and one municipality in the Province of Varese. Furthermore, the Province of Monza and Brianza and the Metropolitan Area of Milan also own shares in the Issuer.

As of the date of this Prospectus, the Issuer owns 581,938 treasury shares.

Management

Corporate governance

Corporate governance rules for Italian companies (including CAP Holding) are set forth in the Italian Civil Code. CAP Holding has adopted a system of corporate governance, based on a traditional organisational model for Italian companies comprising shareholders' meetings, the Board of Directors, the Board of Statutory Auditors and the independent auditors. According to CAP Holding's By-Laws, the Chairman of the Board of Directors is empowered to represent CAP Holding.

In addition, pursuant to the Issuer's By-Laws, the Issuer's corporate governance model provides for a "Strategic Guidelines Committee" (*Comitato di Indirizzo Strategico*) in order to ensure a close relationship between the shareholders and CAP Holding in compliance with the in-house providing mechanism.

The Strategic Guidelines Committee is composed of at least nine members and a maximum of eleven members among the legal representatives of the shareholders, which are appointed by the shareholders' meeting for a three-year term.

Board of Directors

The members of the Board of Directors as of the date of this Prospectus have been appointed for a three-year term, which is set to expire at the shareholders' meeting called to approve the Issuer's 2025 year-end financial statements.

The following table sets out the members of the Board of Directors of CAP Holding as of the date of this Prospectus and the main positions held by them outside CAP Holding Group.

Name	Position	Main position Held outside the Group
Yuri Santagostino	Chairman	-
Alessandro Russo	Director and CEO	FS Sistemi Urbani S.r.l. - member of the Board of Directors Confservizi Lombardia – Chairman Utilitalia – Vice Chairman
Karin Eva Imparato	Vice Chairman	Confservizi Lombardia –member of the Board of Director Chairman of Pavia Acque S.c.a.r.l.
Luciana Dambra	Director	-
Barbara Mancari	Director	Chairman of Zeroc S.p.a.

The business address of each member of the Board of Directors is the Issuer's registered office.

Board of Statutory Auditors

The Board of Statutory Auditors is composed of three auditors and two alternate auditors who remain in office for three years.

The members of the Board of Statutory Auditors of CAP Holding as of the date of this Prospectus have been appointed for a three-year term which is set to expire at the shareholder's meeting called to approve the Issuer's 2023 year-end financial statements.

The following table sets out the members of the Board of Statutory Auditors of CAP Holding as of the date of this Prospectus and the main positions held by them outside CAP Holding Group.

Name	Position	Main position Held outside the Group
Raffaele Zorloni	Chairman	Elettro Sannio Wind 2 s.r.l. - standing auditor Pescina Wind s.r.l. – standing auditor Eolica Wind Power s.r.l. - standing auditor Vrg Wind 149 s.r.l. - standing auditor Micucci e Balzari s.r.l. - statutory auditor Nutripack Italia s.r.l. - statutory auditor I.wai food s.r.l - statutory auditor Eni new energy s.p.a. - substitute auditor M&B s.r.l. - statutory auditor
Rosa Maria Lo Verso	Standing Auditor	Zeroc s.p.a. – standing auditor Cem ambiente s.p.a. – standing auditor Amf Farmacie Cinisello – standing auditor Farmacie Peschiera B. – standing auditor
Giuseppe Nicosia	Standing Auditor	Zeroc s.p.a. – chairman board of statutory auditors Consorzio Trasporti Pubblici s.p.a. on liquidation – chairman board of statutory auditors Corporation America Italia s.p.a. – standing auditor

		Collegio dei geometri di Monza e Brianza - standing auditor Radaelli costruzioni s.p.a. - standing auditor Milano Sport s.p.a. - standing auditor AFOL - standing auditor
Saveria Morello	Substitute Auditor	Comune di Carpenedolo - statutory auditor Revisore unico di Azienda Pedemontana Sociale, Azienda territoriale per i servizi alla persona dell'unione pedemontana parmense - statutory auditor Museo e Real Bosco di Capodimonte – standing auditor Azienda speciale per i servizi alla persona del distretto Isola bergamasca - Bassa Val San Martino (BG) - statutory auditor

The business address of each member of the Board of Statutory Auditors is the Issuer's registered office.

Conflicts of interest

As the date of this Prospectus, no member of the Board of Directors or the Board of Statutory Auditors has any private interest and/or other duty that conflicts with its obligations deriving from its office.

Code of Ethics and Model pursuant to Legislative Decree No. 231/2001

The Group has adopted a code of ethics and an organisation management and supervision model (the "**Model**") to ensure conditions of fairness and transparency in the conduct of its business and corporate activities, according to Italian Legislative Decree No. 231/2001 ("*Disciplina della responsabilità amministrativa delle persone giuridiche, delle società e delle associazioni anche prive di personalità giuridica, a norma dell'articolo 11 della legge 29 settembre 2000, n. 300*"). The Model provides guidelines to prevent management and employees from committing offences which may make the company liable pursuant to the above-mentioned legislative decree. The Model also includes a plan for the prevention of corruption and a transparency plan pursuant to Italian laws.

Independent Auditors

On 1 June 2017, the Shareholders' Meeting of the Issuer appointed BDO Italia S.p.A. as independent auditors of the Issuer for the nine-year period 2017-2025, with effect from the 2 August 2017 (the "**Independent Auditors**").

The Independent Auditors audited the consolidated annual financial statements of the Group for the financial years ended 31 December 2022 and 31 December 2021.

BDO Italia S.p.A. with registered office at Viale Abruzzi n. 94, 20131, Milan, Italy, is registered under No. 167911 in the Single Register of Legal Auditors at the Ministry of Economy and Finance (*Registro Unico dei Revisori Legali presso il Ministero dell'Economia e delle Finanze*), State General Accounting (*Ragioneria Generale dello Stato*).

Employees

As of 31 December 2022, the Group had 909 employees. The tables below show the number of personnel employed, broken down according to their roles.

Personnel in service in the Group by position	**2022**	**2021**
Executives	10	11
Middle Managers, office employees and workers	899	880
Total	**909**	**891**

Legal proceedings

The Group is party to a number of civil and administrative proceedings arising from the operation of its activities and may from time to time be subject to inspections by tax and other authorities. As of 31 December 2022, the

Issuer had a provision in its consolidated financial statements for legal proceedings in the amount of Euro 3.1 million.

The following is a description of the material legal proceedings in which the Group is involved as of the date of this Prospectus.

It is noteworthy that the judgments or pre-litigation proceedings identified below are those with a potential value of more than Euro 300,000.

Litigation with Municipalities that have resolved to dispose of the Company's shareholding pursuant to Articles 20 and 24 of the Legislative Decree 175/2016.

The Issuer has initiated three administrative proceedings against Shareholder Municipalities not falling within the Optimal Territorial Area ("**ATO**") of the Metropolitan City of Milan: in 2020 against the Municipality of Cabiate, having a shareholding equal to 0.2721 per cent. of the share capital; in 2017 against the Municipality of Vedano al Lambro, having a shareholding equal to 0.0449 per cent. of the share capital; and in 2017 against the Municipality of Nova Milanese, having a shareholding of 0.3086 per cent. Those resolved – pursuant to the extraordinary or ordinary review of shareholdings in accordance with Articles 20 and 24 of Legislative Decree 175/2016 – the divestment of the shareholdings held in CAP Holding as it was deemed to have same or similar purpose to other entities in which the Issuer holds an interest.

More specifically, in those instances, CAP Holding highlighted how the Municipal resolutions violated the provisions of Legislative Decree 175/2016 on the subject of public shareholding in joint-stock companies, and Articles 147 ff. of Legislative Decree 152/2006, as well as conflicted with the decisions on the organisation of the SII taken by the ATO Como governing body, which are *ex lege* binding on all the local authorities in the territorial area to which they belong.

With regard to the individual disputes, it is noted that the favourable decision to the Issuer in the first instance of the proceeding against the Municipality of Cabiate was overturned by the Council of State Decision No. 6862/2022, recognising the legitimacy of the resolutions passed by the Municipality.

Furthermore, such decision has been confirmed by the most recent Council of State Decision No. 4340/2023 of 28 April 2023, after a revocation judgment promoted by CAP Holding, and a third-party objection initiated by some Shareholder Municipalities.

As of the date of this Prospectus, the proceedings aimed at determining the value of the shares held by the Municipality of Cabiate pursuant Article 2437-*ter* of the Italian Civil Code have concluded. These shares have been made available as an option to the remaining shareholders. In the event that the aforementioned remaining shareholders opt not to acquire these shares, CAP Holding shall proceed with their acquisition, pursuant to Article 2437-*quarter* of the Italian Civil Code.

As per the status of the pending litigation against the other two Municipalities, *i.e.*, Vedano al Lambro and Nova Milanese, the hearings before the Council of State was held - for both - on 9 November 2023 and the issuing of the sentence is pending.

Lastly, with regard to the same two Municipalities of Vedano al Lambro (TAR Milano Sez. I RG n. 430/2021) and Nova Milanese (TAR MI Sez. I RG n. 431/2021), proceedings are pending in first instance before the Regional Administrative Court of Lombardy, in which CAP Holding has challenged the subsequent resolutions passed by the aforementioned Municipalities confirming to dispose of the equity investment held in the Issuer. The hearing for those proceedings is set for 24 May 2024.

Other Litigations

CAP Holding, in its capacity as appellant-appellee, is party to the appeal proceedings before the Council of State (R.G. 8528/2017), initiated by the company Agesp S.p.A. for the annulment or amendment of the Regional Administrative Court of Lombardy Decision No. 2009/2017 of 23 October 2017, on the ascertainment of Agesp S.p.A. to obtain the payment of a sum necessary to obtain the economic-financial rebalancing within the territory of the Municipality of Dairago, as operator of the waterworks service until 31 December 2013. The Municipality of Dairago is also party to the proceedings as respondent. The Council of State with sentence published on 1 September 2023 rejected the appeal brought by the counterparty.

Moreover, CAP Holding is respondent in the case pending before the Italian Court of Cassation (R.G. 5224/2023), initiated by Capitalacque S.r.l. and FM Holding S.r.l. for the reform of the Appellate Court of Milan Decision No. 2769/2022 of 12 May 2023, rendered in favour of the CAP Holding – who also won the first-degree arbitration proceedings. The case concerns a claim for compensation for an alleged breach of contract.

<u>Pre-Litigations</u>

With respect to the executive design and construction activities of the new bio-platform in Sesto San Giovanni, entrusted to the company Ladurner S.r.l., a pre-litigation situation is pending due to reserves, registered by the contractor, to obtain the recognition of damages resulting from abnormal progress of the work site activities starting from 1 January 2023.

Tax proceedings

In addition, the Issuer and AMGA Legnano S.p.A. ("**AMGA**") haves been notified of a decision by Italian tax authorities regarding the determination of registration taxes in connection with certain disposals of assets from AMGA to the Issuer, pursuant to a deed dated 22 December 2015. The Italian tax authorities have requested AMGA and the Issuer, on a joint and several basis, to pay additional taxes of approximately Euro 900,000 in connection with such disposals. The notice of assessment has been challenged by the company and the relative proceeding is currently pending before the Italian Court of Cassation (R.G. 25613/2020) and the public hearing has been set for 13 February 2024. CAP Holding filed two tax proceedings before the Milan Tax Commission challenging IMU assessment notices issued by the Municipality of Pero for the years 2015 to 2020. In particular, the first litigation challenged the notices of assessment from 2015 to 2019, while the second only concerns the year 2020. Both proceedings concern the cadastral reclassification of certain infrastructure of the Water Service of located in the Municipality of Pero, since the Issuer adjusted the taxation of these properties from the attribution of the new cadastral category and annuity, but the Municipality of Pero – on the assumption that these elements apply retroactively – assessed and requested the IMU arrears on the same properties starting from 2015 with potential liabilities for a total of Euro 939,902.00. The first instance of the proceedings before the Milan Tax Court acknowledged CAP Holding's reasons for the non-retroactivity of the higher taxes and cancelled the assessment. As of thedate of this Prospectus, the Municipality of Pero filed an appeal against the judgment concerning the period spanning from 2015 to 2019. In judgment no. 2860/2023 dated 27 September 2023, CAP Holding was unsuccessful as the Court of Tax Justice of second instance reversed the first instance ruling in favor of CAP. . In reforming the initial judgment, the assessment notifications for the years 2015 to 2019 were confirmed. It is important to note that the judgment is not yet final, as the deadline to appeal to the Court of Cassation will expire at the end of March 2024, unless an early notification is made.

Amiacque S.r.l. initiated a lawsuit before the Supreme Court of Cassation (R.G. 272895/14) against the Lombardy Regional Tax Commission Decision No. 110/28/13 on the unlawfulness of the rejection, in the form of silence-rejection, by Agenzia delle Entrate of the company's application for refund of higher taxes (plus interest) already paid by the company for the year 2007. The proceedings are still pending and the public hearing is set for 28 November 2023. As of the date of this Prospectus, the Company is still waiting for the decision of the court.

Recent developments

CAP Holding S.p.A. has activated a dispute before the Court of Tax Justice of the first instance of Milan against the silence-rejection by the Revenue Agency-Provincial Directorate I of Milan regarding the request, presented on 8 August 2022, to obtain reimbursement of the sum total of Euro 7,335,304.00 paid as additional IRES and IRAP taxes for the years from 2012 to 2015. The amount requested as a refund is not recorded among the assets in the balance sheet as at 31 December 2022. The request from CAP Holding S.p.A. it arises in response to the voluntary change in the accounting standard, relating to the FONI tariff component, included in its total allowed compensation. The change consisted in treating this component as a multi-year revenue, similar to a non-repayable grant to finance plants, instead of as an annual revenue. The accounting standard IAS 8 provides that the change must be applied retroactively. The company has therefore, for some of the years (2012-2015) preceding that of the change in the accounting standard, requested the return of the taxes paid "in advance". The Court of First Instance Tax Justice of Milan ruled unfavorably for CAP Holding S.p.A. with a sentence filed on 28 June 2023 The sentence has not yet become final and the Company intends to appeal the ruling by the deadline of 24 January 2024, highlighting the incorrectness of the judgment.

KEY CONTRACTS AND CONCESSION

Relevant resolutions and agreements for the IWS

The Issuer has been entrusted with the management of the IWS for the municipalities comprised in the ATO Metropolitan Milan, on the basis of the in-house providing mechanism (please see "Regulation—Water Business—In house providing mechanism and requirements"), according to the following resolutions:

- Resolution of the Provincial Council of Milan No. 56 of 25 July 2013 recognising the territorial integration arising from the merger by incorporation of Ianomi S.p.A., Tam S.p.A. and Tasm S.p.A. into CAP Holding and expressed its intention to prepare, through the ATO Office, a new plan of the ATO (the "**ATO Plan**") for the IWS and intended for completing the procedure for the award of the management of the IWS to CAP Holding;
- Resolution dated 5 December 2013 of the ATO office of the Province of Milan (now relating to the Metropolitan Area of Milan - the "**ATO Office**") and the resolution of the Province of Milan dated 19 December 2013 approving the ATO Plan for the 2014-2033 period;
- Resolution No. 2 of 20 December 2013 of the ATO Office approved the report for the award of the IWS to CAP Holding for the Province of Milan, for the 2014-2033 period. The report was provided pursuant to art. 34, paragraph 13 of Law Decree 179/2012, as converted into Law 221/2012;
- Resolution No. 3 of 20 December 2013 the ATO Office approved the Regulation on the IWS between the manager of the IWS and the final users;
- Resolution No. 4 of 20 December 2013 of the ATO Office approved the awarding of the IWS, according to the in house providing mechanism, to CAP Holding for the 2014-2033 period;
- On 20 December 2013 the ATO Office and the Issuer entered into the Metropolitan Area of Milan Concession;
- Resolutions No. 656 dated 23 December 2015 of the ARERA approving the new essential provisions for the concession agreements;
- Amendment to the Metropolitan Area of Milan Concession, signed on 29 June 2016 between the ATO Office and the Issuer, modifying the Metropolitan Area of Milan Concession in order to make it compliant with the standard IWS concession ("*Convenzione tipo*") approved by the ARERA, (the "**2016 Amendment**") mandatory for all IWS operators;
- Concession agreement between the ATO office of the ATO Monza Brianza and CAP Holding acting as wholesaler in the neighbouring territorial areas (*zone di interambito*) of the Province of Monza and Brianza (the "**Monza Brianza Concession**").; and
- Agreement between ATO Como, ATO Milan, Como Acqua S.r.l., and CAP Holding for the management of the SII in the inter-ambit area, entered into on 14 September 2020.

Metropolitan Area of Milan Concession

Main provisions of the Metropolitan Area of Milan Concession, as resulting from the 2016 Amendment are the following:

<u>*Object (art. 2)*</u>

The Issuer must provide the IWS to the ATO of the Metropolitan Area of Milan, in compliance with applicable laws as well as with the terms under the standard IWS concession "*Convenzione Tipo*" approved by the ARERA.

In order to achieve such objectives the "Public entities responsible to entrust the IWS of the concerned territorial area" (*Ente di governo d ambito* – "**EGA**"), through their competent office (i.e. the ATO Office), must comply with the following obligations: (i) to adopt specific procedures - to which any interested entities may take part - in order to clearly identify the priorities of operation and the quality objectives of the IWS and verifying the relevant economic-financial sustainability; (ii) to update the priorities of interventions in relation to any critical situations identified in the IWS network, in compliance with the ATO Plan and the economic and financial plan under the Metropolitan Area of Milan Concession and (iii) to approve acts under its own competence in order to ensure reliability, coherence and full transparency under the Metropolitan Area of Milan Concession.

Furthermore, for the attainment of the above purposes, the Issuer must comply with the following obligations: (i) to provide the IWS services in accordance with conditions of efficiency, effectiveness and cost-effectiveness as set out by the EGA and in compliance with applicable laws; (ii) to bear the risks related to the management of the

IWS; (iii) to carry out a "program of operation" (*Programma degli interventi*); (iv) to assure reliability, coherence and full transparency of the Metropolitan Area of Milan Concession and (v) to manage its own properties and networks in compliance with the Metropolitan Area of Milan Concession and the ATO Plan.

The EGA, through the ATO Office, controls the levels of the IWS service provided by the Issuer and shall obtain from the Issuer all the information necessary to exercise its powers and rights.

Regulatory Framework of the management of the IWS (art. 3)

The Issuer is responsible for the management of the IWS in compliance with the EGA decisions no. 4 and 2 dated 20 December 2013 as well as with articles 149-*bis* and 172 of Legislative Decree 152/2006 (please see "*Regulation—Water Business— The national and regional framework applicable to the IWS*").

Perimeter of the assigned activities (art. 4)

The Issuer is the sole operator of the IWS in relation to the area of the ATO Metropolitan Milan for the entire duration of the Metropolitan Area of Milan Concession, with the sole exception of the Municipality of Milan and of one "de facto" operator identified under art. 4 of the Metropolitan Area of Milan Concession, which the EGA has undertaken to terminate (the "**Existing Operators**"). Additional activities may also be added to the scope of the activities to be carried out by the Issuer under the Metropolitan Area of Milan Concession for technical reasons or in order to ensure the economic and financial balance of the management of the IWS.

The area to be served by the Issuer is the one identified under the ATO Plan and shall also include the additional Municipalities, or parts of them, outside the perimeter of the ATO, but whose IWS is totally or partially granted by the infrastructures dedicated to the ATO. The provision of such services is regulated by an agreement between the neighbouring municipalities (*accordo interambito*) of the ATO as provided by article 47 of Regional Law 26/03 and/or by disposal of the competent authorities.

In this respect, as the Issuer is also allowed to act as wholesaler and to supply the IWS, within the area of its own ATO or in a different ATO, in compliance with the terms of specific concession agreements, the Issuer has entered into the Monza Brianza Concession in order to provide specific services to some Municipalities of the ATO Monza Brianza (for more details, see below the "*Monza Brianza Concession*").

In case of expiry, resolution or early termination of the Existing Concessions listed under article 4, the Issuer had undertaken to extend the management of the IWS to include also such additional areas. In such cases the ATO Plan shall be duly amended and, should the economic and financial balance of the Metropolitan Area of Milan Concession be altered, the rebalancing mechanism under art. 12 and following shall apply.

Term of the Metropolitan Area of Milan Concession (art. 6)

The Metropolitan Area of Milan Concession has a 20 year term starting from 1 January 2014 and ending on 31 December 2033. Such term is subject to a possible extension in case of (i) new and substantial need for additional investments for the IWS in connection with an increase in population or due to an extension of the area to be supplied; (ii) failure to pay the takeover value by the new operator, in compliance with the relevant provisions of the ARERA regulation.

Previous concession agreements – financings (art. 8)

The Issuer has undertaken to continue to pay to the Municipalities the fees relating to the loans entered into by such Municipalities in connection with the financing of IWS networks, plants and equipment owned by the Municipalities and which are necessary for the supply of the IWS under the previous concessions agreements signed with the Municipalities, as provided under the Metropolitan Area of Milan Concession. The conditions for the payment of such amounts are included under the ATO Plan.

ATO Plan and Investment Plan (art. 9 and 10)

The Issuer must comply with the terms and provisions under the ATO Plan, in order to guarantee the levels of service required by it and the economic and financial balance of the Metropolitan Area of Milan Concession.

The ATO Plan comprises the following documents: (i) the overview of the infrastructures which lists the status of the network granted in use to the Issuer; (ii) the investment plan ("**Investment Plan**" - *Programma degli Interventi*) which lists the extraordinary maintenance activities and new works to be carried out by the Issuer; (iii) the management and organisation model, which describes the Issuer's operational structure which shall ensure the supply of the IWS to users; and (iv) the Economic-Financial Plan ("**PEF**") of the Metropolitan Area of Milan Concession providing for (a) the development of the management and investment costs excluding public funding, (b) tariff incomes and (c) values related to the obligation of revenues of the manager and of the tariff multiplier. The Issuer is bound to implement the ATO Plan and the Investment Plan for the period 2014-2033. Any failure to be compliant with such provisions may result in the application of the penalties by ARERA.

At the beginning of each regulatory period, the EGA approves the "specific regulatory scheme" ("*specifico schema regolatorio"*) applicable to the Metropolitan Area of Milan Concession, which includes the update of: (i) the Investment Plan, (ii) the PEF, (iii) the concession if new ARERA requirements are to be included in the text. The EGA must ensure that any amendment of the ATO Plan shall continue to allow the balance of the PEF, according to efficiency criteria and taking into account the planned investments. The ATO Plan is binding for the Issuer but it may be amended, also prior to the expiry of the relevant regulatory period, save for the provisions under the Guidelines approved by the ATO Office ("*Linee di indirizzo per la gestione del Piano Investimenti di cui alla Convenzione di affidamento del servizio idrico integrato dei Comuni dell'ambito della Provincia di Milano*") which define what are to be considered as variations and/or updates.

Tariff and Tariff revision mechanisms (art. 11)

The Issuer shall be entitled to receive and collect the Tariff by the clients of the IWS for the provision of the IWS and related services under the Metropolitan Area of Milan Concession.

The Tariff is calculated in accordance with national laws and ARERA regulations in order to ensure the achievement and maintenance over time of the economic and financial balance of the management (see "*Regulation—Water Business—IWS tariff*").

The tariff is subject to any change in compliance with the "tariff method" (*Metodo Tariffario*) and the provisions of the ARERA (see "*Regulation—Water Business—IWS tariff*").

Achieving and maintaining the economic and financial balance – procedure for rebalancing (art. 12, 13, 14, 15)

The parties agree to pursue and maintain the economic and financial balance of the Metropolitan Area of Milan Concession in compliance with ARERA regulations and the specific terms of the Metropolitan Area of Milan Concession. If during a regulatory period extraordinary and unforeseeable circumstances occur which determine the alteration of the economic and financial balance of the Metropolitan Area of Milan Concession, the Issuer may send a motivated request to the EGA asking for a rebalance of the PEF, identifying expressly the measures required to ensure the restoration of the balance and describing the circumstances that have determined the unbalancing.

In order to restore the original economic and financial balance, the following measures may be applied (in this order of preference):

(i) revision of the Tariff, within the limits defined by ARERA;

(ii) modification of the Investment Plan (this is to be done in such a way to guarantee the provision of minimum service levels and ensuring the satisfaction of the overall client demand);

(iii) change to the perimeter of the concession area or (to the extent allowed under the Metropolitan Area of Milan Concession and applicable law) extension of the term of the Metropolitan Area of Milan Concession;

(iv) access to ARERA's equalisation mechanisms;

(v) other measures as agreed by the parties.

Please note that two or more of the above measures may be applied jointly.

The EGA assesses the Issuer's request within 60 days of its receipt and notifies to ARERA its decision on the proposed rebalancing measures. Final approval is to be given by ARERA in order for such measures to be validly implemented (ARERA's final approval shall occur at the latest within the following 180 days).

Step-in by the Issuer into the Existing Operator's concessions (art. 16)

The EGA acknowledges the existence of the Existing Operators that manage part of the IWS according to concession agreements awarded in compliance with a different regime which applied at the time of their execution. Upon expiry of the concessions of the Existing Operators, the Issuer shall step in and replace them as manager of the IWS.

At least 18 months prior to the expiry of each Existing Operator's concession, the EGA shall start the step-in procedure in order to identify the assets to be handed over to the Issuer as well as the termination value to be paid to the Existing Operators.

Expiry and re-tendering of the Metropolitan Area of Milan Concession (art. 17)

The EGA must start the procedure for the awarding of the Metropolitan Area of Milan Concession at least 18 months prior to its expiry and, in case of early termination, within 3 months from such event. An award to a new operator is notified to ARERA.

With reference to the termination value due to the Issuer at the end of the concession period (including the case of early termination), the EGA calculates the termination value in accordance with ARERA's regulation applicable from time to time relating to the Tariff calculation method (i.e. taking into account the regulatory asset base value of the assets not yet amortised at the time of the termination) – as proposed by the Issuer upon consultation with its financiers - which is then to be approved by ARERA. The termination value is to be paid by the new operator to the Issuer.

Upon payment of the termination value, the Issuer shall transfer to the new operator the infrastructures and equipment necessary for the carrying out of the IWS as identified in accordance with the EGA.

In case of failure by the new operator to pay the termination value to the Issuer, as well as in case of termination, withdrawal or revocation of the Metropolitan Area of Milan Concession, the Issuer shall continue to operate the IWS under the Metropolitan Area of Milan Concession (with reference only to the ordinary services and without any obligation to carry out new investment) until the new operator is appointed and proceeds with the payment of the termination value.

Issuer's Obligations (art. 20 and 22)

The Issuer must:

(i) carry out the IWS pursuant to the quality, efficiency and effectiveness criteria set out by the ARERA;

(ii) comply with the obligations set out under the Metropolitan Area of Milan Concession and its specifications (*Disciplinare Tecnico*) as well as with the ATO Plan in compliance with the ARERA regulations;

(iii) ensure compliance with the criteria and mechanics for the quantification of the Tariff as set out by the ARERA;

(iv) carry out the Investment Plan;

(v) maintain the networks, the plants and other equipment in good conditions;

(vi) set up an adequate system to verify the correct operation of the IWS;

(vii) notify to the EGA on the status of the IWS in compliance with the ARERA regulations;

(viii) collaborate with EGA to activate and organise integrated control systems;

(ix) notify EGA of any event that may affect the operation of the IWS;

(x) return to EGA upon termination of the Metropolitan Area of Milan Concession all the equipment and the plants related to the IWS;

(xi) provide for the financial guarantees and insurances required under the Metropolitan Area of Milan Concession;

(xii) pay penalties and sanctions;

(xiii) draft the financial statements in compliance with applicable law;

(xiv) update the deed of acknowledgment (*Atto di ricognizione*);

(xv) continue with the operation of the IWS until a new operator is appointed, in compliance with ARERA regulations and with the specific provisions of the Metropolitan Area of Milan Concession;

(xvi) comply with the applicable law on public water;

(xvii) have a territorial control system and an analysis laboratory to assure a periodic, widespread, effective and impartial control system;

(xviii) provide the EGA with the information on the controls provided under article 128 paragraph 2 of legislative decree 152/2006.

Assets and equipment for the IWS (art. 21)

All assets and equipment necessary for the IWS are either property of the Issuer or given in free concession of use (*concessione d'uso gratuita*) to the Issuer for the entire duration of the Metropolitan Area of Milan Concession. All the assets are listed in the ATO Plan.

The Issuer has received such assets and equipment and undertakes to maintain and update them in order to comply with all applicable technical and safety regulations.

Obligations related to the extra-ordinary maintenance of roads, water basin and hydro-grid (art. 22)

The relevant Shareholding Municipalities may decide to charge to the Issuer extra costs relating to extra-ordinary maintenance of roads, maintenance of the water drainage basins and in relation to the efficient management of the minor hydro-grid (*reticolo idrico minore*). The Issuer shall pay such extra costs only if they will be recognized under the Tariff, pursuant to the applicable ARERA regulations.

Relationship between the wholesaler, EGA and Issuer (art. 23)

The Issuer, acting as a wholesaler must comply with the provisions of the EGA on the Tariff, in compliance with the ARERA regulations.

In case the manager of the IWS acts as wholesaler, the EGA provides for the obligations under which the other manager of the IWS must comply for the benefit of the Issuer.

Penalties (art. 24)

In addition to any penalties and sanctions set out by national and regional laws, and by the ARERA, the Issuer shall also be subject to the penalties set out by the technical specifications (*disciplinare tecnico*).

All sanctions and penalties applied by the EGA to the Issuer are also notified to ARERA.

Termination, withdrawal and revocation of the Milan IWS Concession (art. 25)

The Metropolitan Area of Milan Concession shall be terminated in case of severe breach of the Issuer's obligations and, in particular, in case one of the following occurs:

(i) dissolution or liquidation of the Issuer;

(ii) failure to comply with the in-house providing requirements;

(iii) full, repeated and material interruption of the aqueduct or water disposal systems for a period exceeding 3 consecutive days due to the severe negligence or wilful misconduct of the Issuer;

(iv) failure to comply with the provisions set out under the Metropolitan Area of Milan Concession in case of wilful misconduct or gross negligence of the Issuer.

Occurring one of the above termination event, the EGA shall send to the Issuer a prior written notice granting an adequate cure period also pursuant to art. 1454 of the Italian Civil Code, failing which without the default being cured by the Issuer, the EGA may terminate the Metropolitan Area of Milan Concession.

The Issuer's financiers may avoid termination by notifying to the EGA their intention to cure the Issuer's default. In such a case, the breach must be cured within 60 days from when the financiers notify the EGA. Should such term elapse without curing the default then the EGA may terminate the Metropolitan Area of Milan Concession.

In case of termination due to the Issuer's fault, the EGA may enforce the guarantee provided by the Issuer.

Guarantee and Insurance (art. 26 and 27)

In order to guarantee the obligations provided under the Metropolitan Area of Milan Concession, the Issuer provided for a guarantee of the amount of approximately Euro 6.2 million.

The Issuer is required to submit an insurance policy to cover third party civil liability (having a maximum insured amount of Euro 20 million) and to cover the assets and equipment of the IWS from natural disasters (having a maximum insured amount of Euro 80 million).

Subcontracting (art. 31)

The Issuer may not assign or subcontract, in whole or in part, the IWS under penalty of termination of the Metropolitan Area of Milan Concession. The Issuer may assign to its subsidiaries or companies of its group, as defined under article 218 of the Public Contracts Code, only minor activities of the IWS and in particular the activities related to the measurement of water consumption, invoicing and collecting payment of the unpaid tariffs from users, as provided under article 11, paragraph 6 of the Metropolitan Area of Milan Concession.

Monza Brianza Concession

The Issuer is responsible, as wholesaler, for the provision of part of the IWS relating to some "neighbouring areas", defined as "*Zone di Interambito*". Due to the establishment of the new Province of Monza and Brianza and to the spin-off of the related area from the Province of Milan, a fractioning of the areas in the North of Milan occurred. Such fractioning is not coherent with the operation of the plants dedicated to the IWS and therefore some adjustments were made. The interested plants, even if located in the ATO of Monza and Brianza, need the plants

and infrastructures managed by CAP Holding to operate. As provided by the Decision of the Council of the Province of Monza and Brianza no. 5 dated 22 March 2016, the Issuer is therefore responsible for the activities that integrate the operation of the IWS in the ATO Monza Brianza as defined under the Monza Brianza Concession.

Main provisions of Monza Brianza Concession, dated 29 June 2016 are the following:

List of "Zone di Interambito" and plants subject to the Wholesaler IWS Concession agreement (art. 2)

Article 2 of the Monza Brianza Concession lists the areas and the sewage, water supply, collection, drinking water treatment and supply plants interested by such concession agreement.

Scope (art. 3)

The scope of the Monza Brianza Concession is to entrust CAP Holding with the role of wholesaler in the specific area called "*Zona di Interambito*". CAP Holding shall act as wholesaler and shall provide a general interest service performing the activities related to the IWS as defined under Legislative Decree 152/2006 in the area in which the IWS is supplied by the IWS operator as identified by the EGA of the ATO Monza Brianza.

CAP Holding must comply with quality, efficiency and reliability standards provided by the ARERA regulations and must operate in compliance with the provisions under its "Chart of the water service" (*Carta del servizio idrico*), its Regulation on IWS or any other quality standard requested by the EGA of the ATO Monza Brianza to the operator of its IWS. Moreover, the Issuer must hold harmless and indemnify the EGA, the IWS operator, the Province and other public entities of the Province of Monza and Brianza, as well as their employees, from any liability related to the services provided acting as a wholesaler, save for the case in which the damage arises due to the behaviour of such subjects.

Term of the Monza Brianza Concession (art. 4)

The Monza Brianza Concession has a 20 year term starting from 1 January 2014 and ending on 31 December 2033, provided that the Issuer us effectively entrusted with the title on the equipment necessary to carry out the services under the Monza Brianza Concession.

The Monza Brianza Concession will cease to be effective upon termination of the Metropolitan Area of Milan Concession.

Tariff and Tariff mechanisms (art. 5)

The Tariff due to the Issuer under the Monza Brianza Concession is calculated in accordance with national laws and ARERA regulations in order to ensure full recovery of all investment costs sustained by the Issuer in relation to the supply of wholesaler services under the Monza Brianza Concession. The payment mechanism of the Tariff due to the Issuer shall be agreed in a specific contract to be entered into between the operators of the IWS concession of the ATO Monza Brianza and the ATO of the city of Milan.

Investments (art. 6)

The Issuer has undertaken to carry out the specific investments listed under annex 12 to the Monza Brianza Concession.

The Issuer is also entrusted with the power to act as "expropriation authority" (*autorità espropriante*) and manages related proceedings in order to implement the investments undertaken under the Monza Brianza Concession.

Guarantees (art. 9)

In order to guarantee the obligations provided under the Monza Brianza Concession, the Issuer provided for an extension of the guarantee provided pursuant to the Metropolitan Area of Milan Concession in order to include the EGA of the ATO Monza Brianza as beneficiary.

The Issuer shall notify to the EGA of the ATO Monza Brianza the renewal of such guarantee and provide for new guarantee two months prior to expiry.

The guarantee does not limit the obligation of the Issuer to pay for the entire compensation for damages caused.

Insurance (art. 9)

The Issuer is required to submit an insurance policy to cover third party civil liability (having a maximum insured amount of Euro 20 million) and to cover the assets and equipment of the IWS also from natural catastrophes (having a maximum insured amount of Euro 80 million).

REGULATION

The principal legislative and regulatory measures applicable to Issuer's regulated business are summarised below. Although this overview contains the principal information that the Issuer considers material in the context of the issue of the Notes, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations affecting the Issuer's and of the impact it may have on an investment in the Notes and should not rely on this overview only.

Water Business

The national and regional framework applicable to the IWS

The IWS is the comprehensive public services that relate to water collection, uptake and distribution of water for civil uses as well as the disposal and treatment of sewage water. The IWS is a public service, which is to be managed in accordance with the general principles of efficiency and cost-effectiveness as well as in compliance with national and European legislation.

The first comprehensive set of legal provisions enacted to regulate the water sector was contained in Law No. 36 of 5 January 1994 (the "**Galli Law**") which has then been reinstated by the Environmental Code under Part III, Section III, Title II, art. 147 and following.

With specific reference to the regulation of IWS at a Regional level, the Lombardy Region has issued Regional Law n. 26 of 12 December 2003 ("**RL 26/2003**"), which sets out under article 47 and following the rules applicable to the water sector.

Most recently, the legislative decree 23 December 2022, n.201, containing "Reorganization of the regulation of local public services of economic importance" (hereinafter TUSPL), effective from 31 December 2022. This provision was taken by the Italian State, in implementation of the commitments undertaken with the European Union in the National Recovery and Resilience Plan (PNRR) where, for local public services, it means, among other things, limit direct assignments, requiring local administrations to justify any deviations from the tender procedures, justify increasing public participation in in-house companies and limit the duration average of these contracts. Article 4 of the TUSPL establishes, in general, that its provisions apply "to all services of general economic interest provided at the local level, integrate the sector regulations and, in case of conflict, prevail over them, in compliance with European Union law and unless they are provided herein decree specific safeguard rules and prevalence of the sector discipline." That said, with regard to the territorial organization of the IWS, Article 5 of the TUSPL grants a safeguarding the "sectoral disciplines in force regarding optimal territorial areas and basins in public services on the net". However, the principles of: - "unit of the river basin or sub-basin or contiguous river basins, taking into account the river basin plans, as well as the location of the resources and their destination constraints, also deriving from custom, in favor of the towns concerned; - uniqueness of management;- adequacy of management dimensions, defined on the basis of physical, demographic and technical parameters".

Article 26 of the TUSLP, on the subject of determining the tariff of the local public service, makes salve the responsibilities of the regulatory authorities and the provisions contained in the sector regulations and is therefore not destined to affect the current structure of the IWS (please see below about ARERA).

With regard to the duration of the assignment and the rules on compensation, Article 19 of the TUSPL holds firm expressly the provisions on the subject contained in the sector disciplines (the Environmental Code for the IWS).

The main objectives of national sector disciplines and regional laws include: (i) the appointment of a single operator for the management of the IWS within each ATO (as defined below); (ii) the identification of a tariff that allows the operator of the IWS to cover both the costs for the provision of the service and the cost to carry out the investments necessary to ensure an adequate level of service; and (iii) the separation of the competence for planning and control of the service from the management of the IWS.

Pursuant to Law Decree No. 201 of 6 December 2011 (converted into Law by Law No. 214 of 22 December 2011), the ARERA is the regulator in charge, *inter alia,* of the regulation and surveillance of the IWS and the approval of the tariffs.

Pursuant to art. 147 of the Environmental Code, the IWS is organised according to ATOs, which are defined at a Regional level. The local authorities that fall within the territory of the ATO must take part in EGA, which is in

charge of: (i) the management of the IWS and of the relevant infrastructures; (ii) the approval of the ATO Plan; the awarding of the concession to manage the IWS (the "**IWS Concession**"); and (iii) the surveillance of the supply of the IWS.

The ATO Plan is the main planning tool for the IWS as it defines the quality standards to be achieved, as well as the type of infrastructural works that are necessary to ensure that such standards are met, and it comprises: (i) the overview of the existing infrastructures; (ii) the Investment Plan; (iii) the organizational model and (iv) the PEF. The ATO Plan is also the main reference tool to determine the tariff applicable to the IWS and to set out the terms of the IWS Concession, as it forms an integral part of such agreements. Law Decree n. 133 of 12 September 2014 (the so-called "**Sblocca Italia Decree**") has introduced some amendments to art. 172 of the Environmental Code, which now provides that:

(i) by 30 November 2015, the EGA must (if it hasn't already done so) approve an ATO Plan, start the awarding procedure for the IWS and provide that the relevant concession is to be awarded to a single operator within the ATO (the "**Operator**");

(ii) the Operator, once awarded with the IWS Concession, must step into the operation of the IWS for the whole ATO, replacing other existing operators as their concessions expire;

(iii) the Region may step in and start the procedures for the award of the IWS Concession if the EGA fails to do so. If also the Region fails to start such procedures the ARERA may notify the Prime Minister and request the appointment of a commissioner to be put in charge of such procedure;

(iv) upon expiry of the IWS Concession, according to the terms and conditions therein specified, the IWS infrastructures and equipment of the exiting Operator shall be transferred into the ownership of the relevant local authorities.

Pursuant to art. 48 of RL 26/2003, the Region has identified the Provinces and the Metropolitan City of Milan as the EGA and has bestowed upon them the functions that had previously been exercised by the ATO authority (*Autorità d'Ambito*), which have been unwound. The Provinces and the Metropolitan City of Milan had initially set up specific ATO Offices (*Uffici d'Ambito*) to carry out the activities necessary to award IWS Concessions, approve the ATO Plan and quantify and approve the applicable tariffs in compliance with the relevant regulation (please see paragraph below).

In 2016, the two ATOs then completed a process of unification between the Area Office of the former Province of Milan and that of the Municipality of Milan, in compliance with the provisions of the R.L. no. 32 of 2015, in order to create water governance at the metropolitan level.

Thus, a single Area Office was set up for the metropolitan city of Milan, providing for the adaptation of the Statute, the agreements and the Conference of Municipalities of the area, integrated with the participation of the Municipality of Milan.

Art. 49 of RL 26/2003 clarifies that the EGA must choose the procedure for the awarding of the IWS Concession from the three options set out under Art. 149-*bis* of the Environmental Code.

The procedure for the awarding of the IWS Concession

Art. 149-*bis* of the Environmental Code sets out the rules for the awarding of IWS Concessions to a sole Operator and specifies that one of the following three alternative procedures are available:

(i) awarding to a private Operator, though a public tender procedure, in compliance with the EU Treaty principles;

(ii) awarding to a public-private company (*società mista*) – using a PPP scheme – after having carried out a tender procedure with a double object aimed at the identification of the private shareholder and the grant of the concession to such company;

(iii) direct award to a public company through the "in-house providing" mechanism, if the relevant conditions are met (please see paragraph below).

In house providing mechanism and requirements

Pursuant to art. 149-*bis* of the Environmental Code and art. 7 of Legislative Decree n. 36/2023 (the "**Public Contracts Code**"), the direct award of a concession agreement to an "in-house" company, under the control of one or more public entities, may occur provided that the following conditions are met:

(a) there is no direct shareholding of private companies (or other private entities) in the in-house company;

(b) more than 80 per cent. of the activities of the in-house company must relate to the performance of tasks entrusted to it by the relevant public entities;

(c) the relevant public entities must exercise over the in-house company a control similar to that exercised over their own internal departments, pursuant to which both strategic objectives and significant decisions of the in-house company are subject to the decisive influence of the public entities.

IWS tariff

Pursuant to art. 154 of the Environmental Code, the consideration to be paid to the Operator for managing the IWS is a tariff, which is to be quantified by the EGA and approved by the ARERA, in accordance with the ARERA regulations described below (the "**Tariff**").

The Tariff is to be calculated taking into account the quality of the service provided, the amount of works necessary to provide such services, the management costs relating to the infrastructures, the operation costs as well as the costs in connection with the ATO Offices, in order to ensure the full coverage of all investment and operation costs.

Tariff calculation mechanisms

Up to the year 2012, the Tariff was calculated according to the provisions set out pursuant to Ministerial Decree 1 august 1996.

By Resolution No. 585/2012/R/IDR, ARERA approved a new tariff calculation method, which was intended as a temporary method to be applied only during as a "transitory period" for the years 2012 and 2013 (the so called, temporary transitional method: *Metodo Tariffario Transitorio* - "**MTT**").

The MTT was characterised by the application of the same tariff structure applied in 2012 (calculated using updated data to ensure that the revenues were recognised on the basis of the new methodology) multiplied by a "*theta*" factor which had been quantified through a complex mechanism by ARERA and EGA.

According to information publicly available, the MTT has been challenged, among other things, before the Administrative Court of Lombardy (*TAR Lombardia*) by certain consumers' associations for alleged violation of the principle of full recovery cost, which is provided - among other things - under Directive 2000/60/EC and Art. 154 of the Environmental Code. With the decisions no. 00780/2014 and no. 00779/2014, the Administrative Court of Lombardy has rejected the request of the consumers' associations and it has established that the MTT complies with the full recovery cost criteria. The above consumers' associations have challenged the decisions of the Administrative Court of Lombardy before the Administrative Court of Appeal (*Consiglio di Stato*) (registration procedure no. 05890/2014 and no. 05940/2014). The Administrative Court of Appeal has requested a technical expert opinion regarding the formulas and parameters under the MTT, in order to verify whether the tariff item which covers the financing costs is actually based on the principle of full cost recovery or not. The technical report has been provided and on 15 December 2016 a public hearing was held before the Administrative Court of Appeal, which is now expected to issue its decision. In this respect, please note that since such pending proceedings refer only to the MTT, in principle they do not directly affect the successive tariff calculation methods (*i.e.* MTI-1 and MTI-2).

By a definitive ruling published on 26/05/2017, the Administrative Court of Appeal *(Consiglio di Stato)* rejected them and upheld the judgments handed down by the Administrative Court of Lombardy.

By Resolution No. 643/2013/R/IDR, ARERA approved the tariff calculation mechanism which applies to the years 2014 and 2015 (the water tariff method: *Metodo Tariffario Idrico* - "**MTI-1**").

Article 2 of Resolution No. 643/2013/R/IDR defines the following service costs as components for determining the Tariff:

- investments costs, including loans, taxes and depreciation charges;
- operating costs, including costs related to the electricity, wholesale supplies, costs related to the loans and other various components;
- any additional advance payment for new investments;
- environmental costs and of resource; and
- component relating to previous years balancing.

The MTI-1 provides that the Tariff for the years 2014 and 2015 is calculated by taking the value of the Tariff relating to the year 2012, multiplied for the value "Theta (2014)" or "Theta (2015)", which is a coefficient approved by ARERA.

After that, by Resolution No. 664/2015/IDR, ARERA approved the tariff calculation method for the second regulatory period going from 2016 until 2019 (*Metodo Tariffario Idrico per il Secondo Periodo Regolatorio* - "**MTI-2**"). Pursuant to art. 1 of such resolution, the Tariff for the IWS includes the fees relating to the aqueduct, sewer and waste-water purification services.

Subsequently, by Resolution No. 580/2019/R/IDR of 27 December 2019, ARERA concluded the process of defining the new method tariff, for the third regulatory period ("MTI-3"). It covers the period 2020-2023 (with revision of the "two-year" tariff envisaged for the years 2022-2023).

By Resolution of 21 February 2023 No. 64/2023/R/IDR, ARERA started the procedure aimed at defining, for the fourth regulatory period (2024-2027), the "MTI-4" tariff method for determining the tariff of the integrated water service, or of each of the individual services that make it up, in compliance with the principles deriving from EU and national legislation.

Lastly, with Resolution No. 543/2023/R/IDR of 21 November 2023, ARERA submitted its final guidelines in this regard to public consultation, giving time for any comments until 12 December 2023.

All methods approved so far are based on the principle of Full Cost Recovery, which is built first on the determination of two essential parameters: the Recognized Restrictions on the Revenues of the Manager (VRG) and the regulatory invested capital (RAB).

The MTI-3 provides for six different regulatory schemes to be applied in order to determine the Tariff. Each EGA choses the relevant applicable scheme depending on the relevant infrastructure needs (i.e. capital expenditure – "**capex**") relating to that particular ATO.

The regulatory schemes and the yearly price cap values are described concisely in the following table:

Variables	**VRG / Population** **< 149 Euro/inhabitant per year**	**VRG / Population** **> 149 Euro/inhabitant per year**	**Combinations or Changes in Significant Technical Processes (*Aggregazioni o Variazioni dei Processi Tecnici Significativi*)**
Expected 2020-2023 Capex < 50% RAB	**Scheme I** Tariff Increase Cap **5.2%**	**Scheme II** Tariff Increase Cap **3.7%**	**Scheme III** Tariff Increase Cap **5.95%**

Expected 2020-2023 Capex > 50% RAB	Scheme IV	Scheme V	Scheme VI
	Tariff Increase Cap **7.7%** Possibility to include in FoNI a portion of new expected investments	Tariff Increase Cap **6.2%** Possibility to include in FoNI a portion of new expected investments	Tariff Increase Cap **8.45%** Possibility to include in FoNI a portion of new expected investments

For the purposes of the table above:

"**VRG**" means Recognized Restrictions on the Revenues of the Manager.

"**RAB**" means regulatory asset base.

The "**FoNi**" is the New Investments Fund (Fondo Nuovi Investimenti), fed through a specific component (FNI – i.e. the component applied as an anticipation for the financing of new investments) of the Tariff.

As far as the Issuer is concerned, by Resolutions No. 375/2014/R/idr, No. 503/2016/R/idr, No. 436/2018/R/idr, No. 416/2021/R/idr and 612/2022/R/idr, ARERA approved the Tariff relating to the ATO of the Metropolitan Area of Milan, respectively, for the MTI-1, the MTI-2 and the MTI-3 regulatory periods (i.e. 2014-2015, 2016-2019, 2020-2023). The Tariff for each regulatory period has been prepared by the ATO Office of the Metropolitan Area of Milan.

The Tariff, to be considered as the fee applicable to the end-users, is defined according to the pattern set by Resolution ARERA No. 665/2017/R/idr ("Approvazione del Testo Integrato Corrispettivi Servizi Idrici (TICSI), recante i criteri di articolazione tariffaria applicata agli utenti") depending on the end-users typology. For example, the tariff applied to resident domestic end-users is divided into the following components:

- a fixed amount (applied independently from the actual water consumption) for each service provided (acqueduct, sewer, purification);
- a variable amount, depending on the actual water consumption;
- the sewage and purification fee, similarly depending on the actual water consumption.

The Issuer's Investment Plan

The Issuer's Investment Plan, as determined by the ATO Office of the Metropolitan Area of Milan and the other ATO where the Issuer operates, and approved by the ARERA within the MTI-2 procedure for the approval of the Tariff relating to the ATO of the Metropolitan Area of Milan, evidences a significant need to carry out investments (i.e. capex) and improvements to the IWS service.

In particular, the Issuer's Investment Plan related to the IWS envisages investment actions and interventions to be carried out throughout the period 2023-2027 for an overall amount of Euro 548.685.766 million, distributed as follows:

- Euro 191 million relating to the aqueduct sector;
- Euro 138 million relating to the sewage sector;
- Euro 144 million relating to the purification and water treatment sector;
- Euro 75 million relating to interventions on other IWS related goods.

The off-tariff investments throughout the period 2023-2027 for an overall amount of Euro 33.857.714 million mainly refer to circular economy projects, which however have highly related relationships synergistic with the

SII infrastructures and expected benefits from an economic, environmental and social point of view a favor of the territory of the Metropolitan City of Milan. This type of intervention includes:

1. Industrial symbiosis platform for the valorization of organic waste at the Sesto San Giovanni plant currently under execution;

2. "FORSU" (organic fraction municipal solid waste) treatment plants at the purifiers of Pero and the eastern area of Milan and treatment sweeping lands at the Abbiategrasso purifier;

3. Photovoltaic fields with promotion of Renewable Energy Communities (CER).

The off-tariff and the in-tariff investments troughout the period 2023-2027 has an overall amount of Euro 582.543.480 million.

The Standard IWS Concession

By Resolution 656/2015/R/idr, ARERA approved the general terms of the standard IWS Concession (*Convenzione Tipo*) which includes the minimum contents that a IWS Concession must have (the "**Standard IWS Concession**").

The most relevant provisions of the Standard IWS Concession pertain to the economic and financial aspects of the IWS Concession as well as to the termination value due upon expiry/termination of the concession and can be summarised as follows:

(i) instruments for the maintenance of the economic and financial balance of the IWS Concession: if during the relevant regulatory period extraordinary and unforeseeable circumstances occur which determine the alteration of the economic balance of the IWS Concession, the Operator may send a motivated request to the EGA in order to ask for the implementation of adequate measures to restore such balance. In particular the following measures may be applied (in this order of preference): (a) revision of the Tariff, within the limitations set out by ARERA; (b) modification of the Investment Plan (this is to be done in such a way that the minimum service levels are to be in any case guaranteed as well as the satisfaction of the client's demands); (c) change to the perimeter of the concession or (to the extent allowed under the IWS Concession and applicable law) extension of the term of the IWS Concession; (d) access to ARERA's equalisation mechanisms; (e) other measures as agreed by the parties. Two or more of the above may also be applied jointly. EGA assesses the Operator's request and notifies to ARERA its decision and proposed rebalancing measures. Final approval is to be given by ARERA in order for such measures to be validly implemented;

(ii) step-in by a new Operator into the IWS Concession: the EGA must start the procedure for the awarding of the IWS Concession at least 18 months prior to its expiry and, in case of early termination, within 3 months from such event. The awarding to a new Operator is notified to ARERA;

(iii) termination value due to the exiting Operator at the end of the concession period (including the case of early termination): the EGA calculates the termination value – as proposed by the exiting Operator upon consultation with its financiers - which is then to be approved by ARERA. The termination value is to be paid by the new Operator to the exiting Operator. Upon payment of the termination value, the exiting Operator shall transfer to the new Operator the infrastructures and equipment necessary for the carrying out of the IWS as identified by the EGA. The new Operator, alternatively to the payment of the termination value (in whole or in part), may step into the obligations of the exiting Operator within the limits and the provisions of art. 1406 of the Italian Civil Code (which regulates the replacement of a party to a contract). In addition, pursuant to art. 153.2 of the Environmental Code, the incoming Operator may replace to exiting Operator in the obligations and guaranties pertaining to the finance arrangements relating to the financing of the IWS or to pay back the outstanding debt, in accordance with the provisions thereunder. Failure by the new Operator to pay the termination value by the due date shall determine that the exiting Operator shall continue to manage the ordinary activities of the IWS through an extension of the term of the IWS Concession until the relevant current end of the four-year regulatory period and in any case subject to limitations set forth under applicable law. During such interim period, the EGA may request to the existing Operator to carry out investments only if they cannot be postponed and provided that the above EGA's request sets out also the modalities for the Operator to recover the relevant costs. In such a case the guarantees provided by the new Operator shall be enforced and a sanctioning procedure is started.

Other relevant ARERA Resolutions

Contractual quality

On December 23rd 2015, the ARERA has approved the Resolution No. 655/2015/R/idr ("**Resolution 655**"), and subsequent additions and amendments (resolutions 217/2016/R/idr, 897/2017/R/idr, 227/2018/R/idr, 311/2019/R/idr, 547/2019/R/idr and 610/2021/R/idr) which disciplines the contractual quality regulation of IWS or of each of the single services which compose it ("**RQSII**").

The RQSII discipline includes:

- Indicators and procedures for the start and the termination of the contractual relationship;
- Indicators and conditions for contractual relationship management;
- Procedures for customer charging, billing, payment and instalments;
- Discipline of complaints, written information requests and billing adjustment management;
- Front office management;
- Phone services quality;
- Indicators and procedure for contractual quality requirements in case of application of Article No. 156 of the Environmental Code (i.e. presence of multiple operators);
- Specific and general levels of contractual quality of IWS;
- Automatic compensations;
- Communication and registration obligations;
- Data verification discipline.

The first implementation of RQSII regulation discipline starts from 1 July 2016, with the exception of Articles 72.2 (specific increases to quality standard automatic compensations), Article 77 (Communication to ARERA and local territorial authority, information and data publications) and Title VII (phone services), which applies to the Issuer starting from since 1 January 2017.

While most of the contractual standards requirements were already included in the customer service charters of many operators, the RQSII sets for the first time a national minimum quality standard level and defines an integrated compensation system for the sector.

In particular, Title IX of Annex A to Resolution 655 identifies several obligations which constitute specific and general contract quality standards for the IWS, setting out terms and conditions for the implementation of such obligations by each IWS operator. Specific percentages and timing for reaching such contract quality standards are also provided.

In case of failure to comply with the specific contract quality standards for reasons attributable to the IWS operator, Title X of Annex A to Resolution 655 provides for automatic compensation due by the IWS operator to the end-user equal to Euro 30 to be deducted from the next invoice. Since 1 January 2017, such automatic compensation could increase up to three times in case final compliance by the IWS operator occurs in a timing exceeding three times the standard required under Resolution 655.

Each EGA may define additional and differentiated specific or general contract quality standards, save for the application of those generally set out by ARERA under Resolution 655. In addition, EGAs may also provide for higher automatic compensations.

Table 6 of Annex A Resolution 655, summarises the specific and general contract quality standards to be taken into account specifying, for each of them, (i) classification, (ii) standards required, (iii) timing for the implementation and (iv) amount/modalities for calculation of the automatic compensations.

Both the specific and general contract quality standards must be uploaded in the IWS operator's database and relevant data on their actual implementation must be made available and communicated to the EGA, ARERA and end-users, also in order to allow the carrying out of the monitoring activities by the EGA and ARERA.

Pursuant to Title XII of Annex A to Resolution 655, the ARERA may carry out specific surveys on the above data, communicating to the IWS operator the year which shall be monitored, starting from the year 2017. In case violations/non-compliance are detected by the ARERA as a result of the monitoring activities, penalties as defined in Article 89 and 90 of Annex A may be applied for each non-compliance/major violations, as the case may be.

The ARERA reserves the right to carry out further inspections and spot checks, additional to those defined in Title XII of Annex A to Resolution 655, to verify the veracity of all data and information reported by the operators for the purpose to comply with the provisions of RQSII.

In addition to the above penalties, should the IWS operator fail to comply with the above general contract quality standards for two consecutive years, such violation may cause the start of a sanctioning process by the ARERA pursuant to Art. 2.20 lett. c) of Law No. 481/1995.

In particular, such piece of legislation provides for monetary sanctions ranging from Euro 2,500 up to Euro 154,937,069.73 depending on the seriousness of the breach. In case of repeated violations, which may prejudice the regular provision of the IWS to the end-users, the ARERA may also suspend the IWS activity for a period up to six months or propose the termination of the relevant concession agreement.

As of the date of this Prospectus, the Issuer has never received monetary sanctions from ARERA.

Accounting unbundling

On March 24th 2016, the ARERA has approved the resolution No. 137/2016/R/com (and in particular Annex A thereto – "*Testo integrato delle disposizioni dell'autorità per l'energia elettrica il gas e il Sistema idrico in merito agli obblighi di separazione contabile (unbundling contabile) per le imprese operanti nei settori dell'energia elettrica, del gas e per i gestori del servizio idrico integrato e relative obblighi di comunicazione" – "***TIUC***")*, which disciplines the accounting unbundling discipline for the IWS, on the basis of previously developed unbundling schemes which have been implemented for the electricity and gas sectors.

The TIUC, with reference to the unbundling scheme applicable to the IWS defines three main categories:

- Main activities (the "**Activities**" or "**Activity**" – which are single operational phases that could be managed as a stand-alone entity);
- Operating shared functions ("**OSF**", which provide technical services for at least two of the Activities);
- Common services ("**CS**", logic-organisational units which provide centralised general services for the whole company or group).

The Main Activities identified in connection with IWS are:

- Aqueduct;
- Sewage;
- Purification;
- Other water activities, which include all the water activities not included in IWS;
- Other activities, which include the residual activities of the company.

The unbundling scheme provides that economic accounts relating to OSF and CS are to be allocated to each Activity according to specific drivers defined by ARERA, with the consequent drafting of separate annual accounts.

ARERA resolution No. 137/2016/R/com also provides for two separate regimes: an ordinary and a simplified regime, which differ in terms of the volumes and types of information that the specific IWS operator is bound to comply with.

The Issuer falls under the category of entities bound to implement the ordinary regime set out under the TIUC.

The ordinary regime requires that the unbundling process include a further break-up of Activities account into a more detailed level of components, defined by Article 6 of Annex A, called "Comparti". The subdivision into Comparti is applied according to the following table:

Activities	**Comparti**
Aqueduct	*Catchment (i.e. water provisioning)* *Adduction* *Water treatment* *Distribution* *Aqueduct metering*
Sewage	*Black and mixed wastewater* *White wastewater* *Sewage metering*
Purification	*Purification*
Other water activities	*Other water activities, different from Aqueduct, Sewage and Purification included in IWS* *Collection for third parties ("Riscossione")*
Other activities	*Other activities*

The provisions under the TIUC apply starting from the first fiscal year that opens after 31 December 2015, which for the Issuer is the year 2016.

Please note that, in case of non-compliance with the unbundling rules under the TIUC, ARERA may start the sanctioning process pursuant to Art. 2.20 lett. c) of Law No. 481/1995. In particular, such piece of legislation provides for monetary sanctions depending on the seriousness of the breach. In case of repeated violations, which may prejudice the regular provision of the IWS to the end-users, the ARERA may also suspend the IWS activity for a period up to six months or propose the termination of the relevant concession agreement.

Furthermore, pursuant to Article 30.15 of TIUC the "*Cassa per i servizi energetici ed ambientali*" may suspend grants to beneficiaries until they provide the separate annual accounts, according to the provisions of the TIUC. The suspension does not include grants for which the beneficiary is considered as a mere intermediary of sums not intended to him.

As of the date of this Prospectus, the Issuer has never received monetary sanctions from ARERA.

Technical aspect of the service.

The ARERA's Resolution of 27 December 2017 n. 917/2017/R/idr (minimum levels and technical quality objectives in the integrated water service, through the introduction of: i) standards specifications to be guaranteed

in the services provided to the individual user, ii) general standards that describe the technical conditions of service delivery iii) prerequisites, which represent the necessary conditions admission to the incentive mechanism associated with general standards.

By Resolution 183/2022/R/idr of 26 April 2022: application of the incentive mechanism of the regulation of the technical quality of the integrated water service (RQTI) for the years 2018-2019, the first application of the incentive mechanism for regulating the technical quality of the integrated water service, with assignment of rewards and penalties to managers for the activities of the two-year period 2018-2019 (the methodology is described by Resolution 917/2017/R/idr). Proceedings for quantitative assessments were then initiated relating to the two-year period 2020-2021, both for the contractual quality and for the technical quality.

In particular, we highlight the result achieved by CAP Holding S.p.A. which, for the two-year period 2018-2019 of quality technique, achieved a reward equal to 1,540,395 euro without incurring any penalty (respectively 739,076 euro for the year 2018 and 801,319 euro for the year 2019).

Environmental regulation

The Issuer is subject to a broad range of environmental laws and regulations both in Italy and the European Union, including those governing the discharge of pollutants into the air or water, the uses, transport, storage, processing, discharge, management and disposal of hazardous substances and wastes and the responsibility to investigate and clean-up contaminated sites that are or were owned, leased, operated or used by the Issuer. Such laws and regulations impose increasingly stringent environmental obligations regarding, among other things, zoning, the protection of employees and health and safety. The Issuer's objective is to comply in all material respects, and believes that its operations generally are in material compliance, with applicable environmental and health control laws and regulations, and all related permit requirements.

Responsibility for contamination

The main piece of EU legislation dealing with environmental liability in respect of damage to site conditions is Directive 2004/35/CE on environmental liability with regard to the prevention and remediation of environmental damage ("**Environmental Liability Directive**"), which establishes a framework based on the "polluter pays" principle to prevent and remedy environmental damage. The "polluter pays" principle is set out in the Article 191(2) of the Treaty on the Functioning of the European Union. As the Environmental Liability Directive deals with the "pure ecological damage", it is based on the powers and duties of public authorities ("administrative approach") as distinct from a civil liability system for "traditional damage" (damage to property, economic loss, personal injury).

The Environmental Liability Directive has been implemented in Italy by the Environmental Code, pursuant to which the polluter is legally responsible to prevent and remedy any environmental damage caused by its activities. As a result, any costs for remediation of a site must be borne by the polluter, while the landowner or any other person who is not responsible for the pollution cannot be required to carry out, or bear liability, for any clean-up activity.

Under the Environmental Code, for liability purposes the actual polluter is the person responsible for the activity that caused the pollution, regardless of whether he holds any interest in the land that has been polluted. Therefore, if an action by a third party caused pollution without the owner or user of the affected land being aware of that activity, or being able to prevent the activity, that owner or user cannot be held responsible (Article 245.1 of the Environmental Code). Remediation may only be carried out by the competent public authority if the person responsible for contamination cannot be identified or is unable to perform the clean-up (for example, as a result of its corporate insolvency). The competent authority may not direct the current owner or user of the affected land to carry out any remediation work, if that owner or user is not responsible for the contamination; however, in certain circumstances the authority may nevertheless expropriate the land as compensation for its remediation costs. As an alternative, to avoid such scenario, a landowner may carry out any required remediation itself and subsequently seek reimbursement from the polluter under Italian civil laws.

With respect to any remediation required in the execution of public works, if the contamination has not been caused by the contractor but is pre-existing on the site, the contractor is entitled to request a variation, and, to the extent applicable, a rebalancing of the economic and financial plan underlying the relevant contract. On the other hand, to the extent that pollution has been caused by the activities of that contractor, or is attributable to its sub-contractors, the contractor must bear the costs of remediation.

Health and safety

In compliance with Italian, regional and EU laws and regulations, the Issuer has implemented health and safety rules that are applicable to all its operations, processes and activities.

In particular, Legislative Decree No. 81/08 (Consolidated Act on occupational health and safety protection at workplaces, implementing, *inter alia*, Directives 89/391/ECC, 89/654/ECC, 89/655/ECC, 89/656/ECC, 90/269/EC, 90/270/ECC, 90/394/ECC, 90/679/ECC, 93/88/ECC, 95/63/ECC, 97/42/ECC, 98/24/ECC, 99/38/ECC, 99/92/ECC, 2001/45/ECC, 2003/10/ECC, 2004/40/ECC as well as 92/57/EEC on temporary or mobile construction sites) sets out health and safety requirements at workplaces as well as at temporary or mobile construction sites ("**LD 81/08**").

Under Article 2 of LD 81/08, the Issuer, as employer, is the subject who retains the responsibility to organize the activities to be carried out at the workplace, having the relevant decision and spending powers.

Furthermore, in case construction works are to be carried out (also as a result of the implementation of the Investment Plan), Title IV of LD 81/08 (Articles 88 – 160) sets out specific health and safety requirements to be complied with in case works are carried out at temporary or mobile construction sites. To this end, Article 89.1.a) of LD 81/08 defines as construction site any site where building works or civil engineering activities (as listed in Annex X) are carried out. In its turn, Annex X provides a very broad list of activities that are to be regarded as building works or civil engineering.

CAP Holding complied with the UNI EN ISO 45001 (occupational health and safety management systems), standards through the establishment and implementation of a specific health and safety management system.

The Issuer implemented a model compliant with the provision of Legislative Decree 231/2001 in order to prevent its liability from committing the crimes related to the breach of applicable health and safety regulations (see "*Risk Factors - Risk relating to any breaches of the organisation and management model*").

Public procurement and Traceability regime pursuant to Law No. 136/2010 (to the extent applicable)

Given to its status as in-house company, the Issuer is to be regarded as a public authority/public entity for the purpose of application of the Public Contracts Code (see "*Description of the Issuer—Issuer's Businesses*"). In light of the above, the Issuer must comply with the public procurement rules under the Public Contracts Code when contracting out to third parties works, supply and services contract.

Furthermore, the Issuer is also subject to specific obligations to ensure traceability of any financial flows relating to the activities necessary for the carrying out of its activities.

In particular, in order to ensure full traceability of any financial flows and to prevent criminal infiltrations, Article 3 of Law No. 136/2010 (the "**Law 136/10**") provides that all contractors, sub-contractors and concessionaires in relation to public works, services or supplies must use dedicated bank accounts to receive and/or make any payments relating to the performance of the activities under the relevant public contract. Furthermore, all such sums must be moved by wire transfers (which are traced and registered on the bank account) and include the tender identification code (*codice identificativo gara* - CIG) identified by the relevant awarding authority.

Furthermore, the Issuer must also ensure that any contracts and sub-contracts in connection with the relevant works, supplies or services include a provision requiring all sub-contractors, contractors and suppliers to comply with the obligations under Law 136/10. Any contracts entered into after the date that Law 136/10 came into effect that do not include such a provision will be deemed retroactively void.

Pursuant to Article 6.2 of Law Decree 187/2010 (as amended by Law 217/2010), contracts concluded before 7 September 2010 must be updated to include traceability obligations before 16 June 2011. However, pursuant to Article 1339 of the Italian Civil Code, any contracts that have not been updated accordingly will be deemed to automatically include such obligations.

New consolidated act on companies in which public entities have a shareholding (so-called "Madia Decree")

Legislative Decree 19 August 2016 no. 175 introduces a consolidated act regulating companies with public shareholders (*Testo unico in materia di società a partecipazione pubblica* - "**Madia Decree**"). The Madia Decree

has been published on the Italian Official Gazette (*Gazzetta Ufficiale*) on 8 September 2016 and has entered into force from 23 September 2016.

According to article 1, paragraph 5 of the Madia Decree, the same decree does not apply to "listed companies" (as defined under article 2, letter p)), save where expressly provided. Such definition of "listed companies" includes, among other things, also companies with public shareholders that have issued financial instruments listed on regulated markets, on or before 31 December 2015.

In this respect, article 26, paragraph 5 of the Madia Decree provides that in the 12 months following the entry into force of the Madia Decree (*i.e.* until September 2017) such decree does not apply to companies with public shareholders which, by 30 June 2016, have adopted deeds which are aimed at issuing financial instruments (other than shares) to be listed on regulated markets. The aforesaid deeds are communicated by the issuer to the Court of Auditors (*Corte dei Conti*) within 60 days form the entry into force of such decree. In case the listing procedure is concluded by the aforesaid term of 12 months, the Madia Decree continues not to apply to the issuer.

In light of the above, the Issuer, according to article 26, paragraph 5 of the Madia Decree, it may be substantially assimilated to listed companies for the purpose of the Madia Decree and, therefore, that it is excluded from the application of the provisions under the Madia Decree, having adopted deeds aimed at issuing notes before the abovementioned term of 30 June 2016. Indeed, consistently with article 26, paragraph 5 of the Madia Decree, within the 60-day term provided therein, the Issuer has notified to the Court of Auditors (Corte dei Conti) the deeds aimed at issuing notes which have been adopted before the term provided under Madia Decree (30 June 2016). In accordance with the foregoing, on 2 August 2017 CAP Holding S.p.A. issued a Euro 40 million non-convertible bond, represented by 400 bearer bonds with nominal value of Euro 100,000 due on 2 August 2024 (ISIN code: XS1656754873). The issuance of the Notes under this Prospects is at connected and consequent to the same deeds aimed at issuing the aforementioned bonds adopted before the deadline set by the Madia Decree.

Even the issue of the notes to which this Prospectus accompanies is connected and consequent to the same deeds aimed at issuing the Bonds adopted before the deadline set by the Madia Decree

Without prejudice to the above, for the sake of completeness please find below a brief description of the main provisions of the Madia Decree, which apply to the companies with public shareholders outside the scope of article 26, paragraph 5 of the Madia Decree.

The Madia Decree provides a consolidated regulation with reference to the incorporation of companies by public entities as well as the acquisition, the maintenance and the management of the stakes in companies which are, totally or partially, directly or indirectly, owned by public entities.

More in details, the Madia Decree provides a list of the corporate purposes for which a company with public shareholders can be incorporated and maintained (which includes, among other things, also the realization and management of public works and/or the organization and management of a general-interest services). Moreover, the Madia Decree provides, among other things, certain general principles on the organization and management of companies with public shareholders as well as specific rules, limitations and restrictions for the incorporation, acquisition, management and sale of such type of companies. The Madia Decree also contains provisions relating to corporate bodies, including on their responsibility, remunerations and control. Furthermore, specific rules are provided both for in-house companies and public-private companies (*società miste*). The provisions to be applied to listed companies are those provided under article 1, paragraph 5, article 8, paragraph 3 and article 9, paragraph 9.

By decision of the Constitutional Court No. 251/2016, the Law No. 124 of 7 August 2015 (by means of which the Italian Government was delegated to issue the Madia Decree), was partly declared unconstitutional whereby it provided that Madia Decree was subject to the mere consultation with the Regions instead of their prior agreement to be reached through the Conferenza Unificata pursuant to Legislative Decree No. 281 of 28 August 1997. However, such decision should not have a direct and automatic impact on the Madia Decree as well as on the issue of the Notes. In fact the decision of the Constitutional Court expressly states that the legitimacy of any provision of the legislative decrees issued on the basis of the Law 124/2015 (including the Madia Decree) needs to be verified on a case by case basis, upon specific challenge, taking into account the remedies that the Italian Government will put in place in order to ensure the involvement of the Regions on the subject matters falling within their competence.

The Madia Decree was also directly challenged by the Veneto Region before the Constitutional Court (lawsuit register No. 76/2016).

SELECTED FINANCIAL INFORMATION

The following tables contain consolidated statement of financial position and income statement information of the Issuer as at and for the years ended 31 December 2022 and 2021, derived from the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2022 and 2021. This information should be read in conjunction with, and is qualified in its entirety by reference to the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2022 and 2021, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*". This information should be read in conjunction with, and is qualified in its entirety by, reference to the Issuer's audited consolidated annual financial statements as of and for the years ended 31 December 2022 and 31 December 2021, in each case together with the accompanying notes and the independent auditors' reports (as appropriate), all of which are incorporated by reference in this Prospectus. See "Information Incorporated by Reference". Copies of the above-mentioned annual financial statements of the Issuer are available for inspection by Noteholders, as described in "*Information Incorporated by Reference*".

CAP HOLDING S.p.A.
AUDITED CONSOLIDATED ANNUAL STATEMENT OF FINANCIAL POSITION

ASSETS

	As at 31 December	
	2022 (audited)	**2021 (audited)**
	IFRS	**IFRS**
	(thousands of Euro)	
NON CURRENT ASSETS		
Rights on assets under concession	870,044	844,830
Rights of use	1,610	3,633
Other intangible assets	13,763	12,342
Tangible fixed assets	24,940	20,473
Deferred tax assets	19,808	21,535
Other receivables and other non-current financial assets	36,073	39,592
Total non-current assets	**966,238**	**942,404**
CURRENT ASSETS		
Trade receivables	250,990	233,055
Inventories	2,665	2,529
Contract work in progress	5,470	5,415
Cash and cash equivalents	73,914	34,729
Other receivables and other current financial assets	17,164	14,472
Total current assets	**350,203**	**290,199**

Non-current assets intended for sale	0	0
TOTAL ASSETS	**1,316,441**	**1,232,603**

CAP HOLDING S.p.A.
AUDITED CONSOLIDATED ANNUAL STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

	As at 31 December	
	2022 (audited) IFRS	**2021 (audited) IFRS**
	(thousands of Euro)	
SHAREHOLDERS' EQUITY		
Share capital	571,382	571,382
Other reserves	277,257	250,512
FTA reserve	(989)	(989)
Net result for the year	5,725	27,207
Total consolidated shareholders' equity	**853,374**	**848,111**
LIABILITIES		
Non-current liabilities		
Provision for risks and charges	63,749	61,786
Employee Benefits	3,790	4,455
Non-current payables to banks and other lenders	177,105	99,300
Other non-current payables	59,411	62,099
Total non-current liabilities	**304,055**	**227,639**
Current liabilities		
Trade payables	90,094	77,647
Current payables to banks and other lenders	32,080	43,858
Other current payables	36,838	35,348
Total current liabilities	**159,012**	**156,853**
Non-current liabilities intended for sale	**0**	**0**

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,316,441**	**1,232,603**

CAP HOLDING S.p.A.
AUDITED CONSOLIDATED ANNUAL STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

	As at 31 December	
	2022 (audited)	**2021 (audited)**
	IFRS	**IFRS**
	(thousands of Euro)	
Revenues	281,623	240,722
Increases for internal work	3,846	3,929
Revenues for work on assets under concession	114,233	110,811
Other revenues and income	33,034	26,835
Total revenues and other income	**432,735**	**382,297**
Costs for raw materials, consumables and goods	(15,918)	(13,770)
Costs for services	(196,156)	(136,826)
Costs for work on assets under concession	(65,574)	(64,465)
Personnel costs	(51,413)	(48,674)
Amortisation, depreciation, provisions and write-downs	(81,896)	(58,387)
Other operating costs	(14,693)	(14,220)
Non-recurring operations	0	0
Total costs	**(425,650)**	**(336,341)**
OPERATING RESULT	**7,085**	**45,956**
Financial income	2,978	1,785
Financial expense	(5,909)	(5,132)
Result before taxes	**4,154**	**42,609**
Taxes	1,570	(15,403)
Profit (loss) from assets held for sale or disposed of	0	0
NET RESULT FOR THE YEAR (A)	**5,725**	**27,207**
Components of the statement of comprehensive income that will not be subsequently reclassified in the income statement		
Actuarial gains/(losses) for employee benefits	375	(73)
Tax effect on actuarial gains/(losses) for employee benefits[3]	0	0

[3] The Issuer has reclassified for an amount of EUR 17 thousands a component related to the tax effect of staff leaving indemnity included in the OCI scheme as at December, 31 2021, according to IAS 12. As OCI component, the reclassification affects the comparative figures only.

Components of the statement of comprehensive income that will be subsequently reclassified in the income statement		
Fair value change deriving from cash flow hedge (IRS)	(503)	706
Tax effect on fair value change deriving from cash flow hedge	124	(180)
Total components of the statement of comprehensive income, net of tax effect (B)	**(4)**	**453**
	5,721	**27,660**

USE OF PROCEEDS

The Company and its Subsidiaries will apply the proceeds of the sale of the Notes for general corporate purposes to support investment associated with their line of business.

TAXATION

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

ITALIAN TAXATION

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**"), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued (i), *inter alia*, by Italian companies with shares listed on an EU or EEA regulated market or multilateral trading facility, or in case of issuers whose shares are not listed therein (ii) listed in the aforesaid EU or EEA regulated market or multilateral trading facility or (iii) held by "qualified investors" pursuant to Article 100 of the Legislative Decree No. 58 of 24 February 1998. For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or control of) to management of the Issuer.

Italian resident Noteholders

Where an Italian resident Noteholder, who is the beneficial owner of the Notes, is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; (b) a non-commercial partnership; (c) a non-commercial private or public institution (other than companies), a trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, are subject to a final substitute tax ("***imposta sostitutiva***"), levied at the rate of 26 per cent. All the above categories are qualified as "net recipients" (unless the Noteholders referred to under (a), (b) and (c) above have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called "*risparmio gestito*" regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**")). In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and will be included in relevant income tax return. As a consequence, interests, premium and other income will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the 26 per cent. *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the "**Law No. 232**") as subsequently amended and restated from time to time and for long-term individual savings account established from 1 January 2020 by Article 13-*bis* of Law Decree No. 124 of 26 October 2019, converted by Law No. 157 of 19 December 2019, as applicable from time to time ("**Decree No. 124**"), as subsequently amended and restated from time to time.

Where an Italian resident Noteholder is a company or similar commercial entity, a commercial partnership, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the 'status' of the Noteholder, also to the regional tax on productive activities ("**IRAP**")).

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any entity paying interest to the holders of the Notes or, absent that by the Issuer.

Under the current regime provided by Law Decree No. 351 of 25 September 2001, converted into Law No. 410 of 23 November 2001 ("**Decree 351**"), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, Italian real estate investment funds created under Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of 25 January 1994 and Italian real estate SICAFs (the "**Real Estate SICAFs**" and together with Italian real estate investment funds, the "**Real Estate Funds**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Funds.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an Italian investment company with fixed share capital) or a SICAV (an investment company with variable capital) established in Italy (the "**Fund**") and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding or a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005 – the "**Pension Fund**") and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain conditions (including minimum holding period requirement) and limitations, Interest in respect to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1(100 – 114) of Law No. 232 as subsequently amended and restated from time to time and for long-term individual savings account established from 1 January 2020, by Article 13-bis of Decree No. 124 as subsequently amended and restated from time to time.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended by future decree issued pursuant to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of 14 September 2015) (the "**White List**") (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a country included in the White List, even if it does not possess the status of taxpayer in its own country of residence.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) timely file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial

Decree of 12 December 2001, as subsequently amended. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

Failure of a non–resident holder of the Notes to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to a non–resident holder of the Notes. Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for a total or partial reduction (generally to 10 per cent.) of the *imposta sostitutiva* under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the 'status' of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Noteholders may set off losses with gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called '*risparmio gestito*' regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 as subsequently amended and restated from time to time and for long-term individual savings account established from 1 January 2020, by Article 13-bis of Decree No. 124 as subsequently amended and restated from time to time. Pursuant to Article 1 (219-225-bis) of Law No. 178 of 30 December 2020, it is further

provided that Italian resident individuals investing in long-term individual savings account established from 1 January 2021 and compliant with Article 13-bis, paragraph 2-bis of Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Any capital gains realised by a Noteholder who is a Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund.

Any capital gains realised by Noteholders which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the management results of the Fund. Such result will not be subject to taxation at the level of the Fund, but subsequent distributions in favour of unitholders of shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder who is an Italian Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1(100-114) of Law No. 232 as subsequently amended and restated from time to time and for long-term individual savings account established from 1 January 2020, by Article 13-bis of Decree No. 124 as subsequently amended and restated from time to time.

Capital gains realised by non-Italian-resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes issued by an Italian resident issuer, which are traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax, regardless of whether the Notes are held in Italy. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *risparmio gestito* regime or are subject to the so-called *risparmio amministrato* regime according to Article 6 of Decree No. 461, may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration that they are not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country included in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a country included in the White List, even if it does not possess the status of taxpayer in its own country of residence. The list of countries which allow for an exchange of information with Italy should be amended as pointed out above. In such cases, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *risparmio gestito* regime or are subject to the so-called *risparmio amministrato* regime according to Article 6 of Decree No. 461 may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration stating that they meet the subjective requirements indicated above.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent. On the contrary, should the Notes be traded on regulated markets, capital gains realized by non-Italian resident Noteholders would not be subject to Italian taxation.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes provided all the conditions for its application are met.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

(i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, Euro 1,000,000;

(ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, Euro 100,000; and

(iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii) and (iii) on the value exceeding, for each beneficiary, Euro 1,500,000.

The *mortis causa* transfer of financial instruments (including the Notes) included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) – that meets the requirements set forth in Article 1(100-114) of Law No. 232 as subsequently amended and restated from time to time and for long-term individual savings account established from 1 January 2020, in Article 13-bis of Decree No. 124 as subsequently amended and restated from time to time – is exempt from inheritance tax.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of Euro200; (ii) private deeds are subject to registration tax only in the case of voluntary registration or if the so-called '*caso d'uso*' or '*enunciazione*' occurs.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 ("**Decree 201**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited in Italy. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed Euro14,000, for taxpayers different from individuals; this stamp duty is determined on the basis of the market value or - if no market value figure is available - the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. The communication is deemed to be sent to the customers at least once a year, even for instruments for which it is not mandatory.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent. ("**IVAFE**"). Starting from 2020, Law No. 160 of 27 December 2019 has provided for the extension of the application scope of IVAFE to Italian resident non-commercial entities, simple partnerships and equivalent entities, in addition to Italian resident individuals. For taxpayers different from individuals, IVAFE cannot exceed Euro 14,000 per year.

This tax is calculated on the market value of the Notes at the end of the relevant year or - if no market value figure is available - the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax Monitoring Obligations

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28th June, 1990 converted into law by Law Decree No. 227 of 4th August, 1990, as amended from time to time, for tax monitoring purposes, the amount of Notes held abroad during each tax year. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same

intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a Euro15,000 threshold throughout the year.

Financial Transaction Tax ("FTT")

Pursuant to Law No. 228 of 24 December 2012, a FTT applies to (a) transfer of ownership of shares and other participating securities issued by Italian resident companies or of financial instruments representing the just mentioned shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not) (the **Relevant Securities**), (b) transactions on financial derivatives (i) the main underlying assets of which are the Relevant Securities, or (ii) whose value depends mainly on one or more Relevant Securities, as well as to (c) any transaction on certain securities (i) which allow to mainly purchase or sell one or more Relevant Securities or (ii) implying a cash payment determined with main reference to one or more Relevant Securities.

Securities could be included in the scope of application of the FTT if they meet the requirements set out above. On the other hand, securities falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) are not included in the scope of the FTT.

The FTT on derivative instruments is levied at a fixed amount that varies depending on the nature of the relevant instrument and the notional value of the transaction, and ranges between Euro 0.01875 and Euro 200 per transaction. The amount of FTT payable is reduced to 1/5 of the standard rate in case the transaction is performed on regulated markets or multilateral trading facilities of certain EU and EEA member States. The FTT on derivatives is due by each of the parties to the transactions. FTT exemptions and exclusions are provided for certain transactions and entities.

The FTT is levied and paid by the subject (generally a financial intermediary) that is involved, in any way, in the execution of the transaction. Intermediaries which are not resident in Italy but are liable to apply the FTT can appoint an Italian tax representative for the purposes of the FTT. If no intermediary is involved in the execution of the transaction, the FTT must be paid by the taxpayers. Investors are advised to consult their own tax advisers also on the possible impact of the FTT.

Foreign Account Tax Compliance Act

Certain non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments made after 31 December 2016 pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**").

A number of jurisdictions, including the Republic of Italy, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register. Further, Notes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date and/or characterised as equity for U.S. tax purposes. However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the FATCA withholding.

SUBSCRIPTION AND SALE

SELLING RESTRICTIONS

The following paragraphs set out certain restrictions on the offering and sale of the Notes and distribution of this Prospectus.

General

No action has been or will be taken in any jurisdiction by the Issuer that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hand this Prospectus comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute, or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

United States of America

The Notes have not been and will not be registered under the Securities Act or any U.S. State securities laws in the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, "U.S. persons", except pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possession or to a United States person, except in certain transaction permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Prohibition of Sales to EEA Retail Investors

The Notes have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the European Economic Area.

For the purposes of this provision:

(i) The expression "retail investor" means a person who is one (or more) of the following:

  (a) A retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (b) A customer within the meaning of the Insurance Distribution Directive, where the customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (c) Not a qualified investor as defined in the Prospectus Regulation.

(ii) The expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Republic of Italy

The offering of the Notes has not been registered with the CONSOB pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) To qualified investors (*investitori qualificati*), as defined pursuant to Article 2, paragraph 1, letter (e) of the Prospectus Regulation, Article 100 of the Consolidated Financial Act and any applicable provision of Italian laws and CONSOB regulations; or

(b) In any circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the

Prospectus Regulation, Article 100 of the Consolidated Financial Act and Article 34-ter of CONSOB regulation No. 11971 of 14 May 1999, as amended from time to time, and in accordance with any applicable Italian laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must:

(i) Be made by *soggetti abilitati* (including investment firms, banks or financial intermediaries) as defined under Article 1, paragraph 1, letter (r), of the Consolidated Financial Act, permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Consolidated Banking Act**") and any other applicable laws and regulations; and

(ii) Comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

United Kingdom

Prohibition of Sales to UK Retail Investors

The Notes have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the UK.

(i) For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) A retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(b) A customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or

(c) Not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

(ii) The expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

GENERAL INFORMATION

Legal Entity Identifier

The Legal Entity Identifier (LEI) of the Issuer is 8156007C698FE467BD66.

Authorisation

The creation and issue of the Notes has been authorised by a resolution of the Issuer's shareholders' meeting dated 12 October 2023.

Listing and Admission to Trading

This Prospectus has been approved by the Central Bank as competent authority under the Prospectus Regulation. The Central Bank only approves this document as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Regulation. Application has been made to Euronext Dublin for the Notes to be admitted to its Official List and trading on the Euronext Dublin Regulated Market. The Euronext Dublin Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

Expenses related to Admission to Trading

The total expenses related to admission to trading are estimated at EUR 7,240.

Legal and Arbitration Proceedings

Save as disclosed under the section headed "Description of the Issuer and the Group – Legal proceedings", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Group.

Significant/Material Change

Save as disclosed in this Prospectus at "*Description of the Issuer – Recent developments*" at page 118, since 31 December 2022 there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial position or performance of the Group.

Independent Auditors

CAP Holding's current independent auditors are BDO Italia S.p.A., with its registered office at Viale Abruzzi n. 94, 20131 Milan, Italy ("**BDO**"), which was appointed for the nine year period 2017-2025, with effect from the 2 August 2017, and has audited the Issuer's consolidated annual financial statements for the years ended 31 December 2021 and 2022 unmodified audit report.

BDO is registered under No. 167911 in the Register of Accountancy Auditors (Registro dei Revisori Legali) kept by the Italian Ministry of Economics and Finance, in compliance with the provisions of Legislative Decree No. 39

of 27 January 2010. BDO is also a member of Assirevi (Associazione Nazionale Revisori Contabili), the Italian association of auditing firms.

Documents on Display

For so long as the Notes remain outstanding, physical or electronic copies of the following documents (together, where appropriate, with English translations) may be inspected during normal business hours at the offices of the Fiscal Agent at 60 Avenue J.F. Kennedy, L-1855 Luxembourg:

(a) the By-laws (*statuto*) of the Issuer;

(b) this Prospectus;

(c) the Agency Agreement;

(d) the Deed of Covenant; and

(e) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2021 and 2022.

In addition, the Issuer intends to publish its annual financial statements and its interim financial statements on its website at www.gruppocap.it.

Interests of natural and legal persons involved in the issue

The Arranger and its affiliates and subsidiaries have engaged, and may in the future engage, in lending, investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Arranger and its affiliates and subsidiaries may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Arranger or its affiliates and subsidiaries that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Arranger and its affiliates and subsidiaries would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Arranger and its affiliates and subsidiaries may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Furthermore, the Arranger is a lender of the Issuer and could receive parts of the proceeds from the issuance of the Notes.

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Notes have the following ISIN and common code assigned to them:

ISIN: XS2726850881.

Common code: 272685088.

ISSUER

CAP Holding S.p.A.
Registered office:
Via Rimini, 38
20142 Milan
Italy

ARRANGER

Mediobanca Banca di Credito Finanziario S.p.A.

Registered office:
Piazzetta Enrico Cuccia, 1
20121 Milan
Italy

FISCAL AGENT AND PAYING AGENT

BNP Paribas, Luxembourg Branch

Registered office:
60, avenue J.F. Kennedy
L-1855 Luxembourg
Luxembourg

REGISTRAR

BNP Paribas, Luxembourg Branch

Registered office:
60, avenue J.F. Kennedy
L-1855 Luxembourg
Luxembourg

LEGAL ADVISERS

To the Issuer as to Italian law, Italian tax law and English law:

Simmons & Simmons LLP

CityPoint
1 Ropemaker St
London, EC2Y 9SS
England

Via Tommaso Grossi, 2
20121 Milan
Italy

AUDITORS TO THE ISSUER

BDO Italia S.p.A.

Registered office:
Viale Abruzzi, 94

20131 Milan
Italy

LISTING AGENT

Walkers Listing Services Limited

Registered office:
5th Floor, The Exchange
George's Dock, IFSC
Dublin 1, D01 W3P9
Ireland